

Tracking the Dragon

National Intelligence Estimates on China
During the Era of Mao, 1948-1976



This collection of over seventy National Intelligence Estimates on China is the most extensive single selection of intelligence analyses the United States Government ever has released. This recently declassified collection represents the most authoritative intelligence assessments of the United States Government and constitutes a unique historical record of a momentous era in China's modern history.

The collection spans the pivotal period from the Chinese civil war and the consolidation of the Communist regime through the upheavals of the Great Leap Forward and Cultural Revolution. It chronicles the struggles within the top leadership, the buildup of the Chinese military, and the evolution of the Sino-Soviet split. With the benefit of hindsight, we now can study the assessments of these developments with a degree of historical perspective, while still feeling the excitement of reading "history as it happens."

In addition to their historical significance, these documents are important for today's world as well. as Robert Suettinger, a former National Intelligence Officer for East Asia and author of a noted history of US-China relations, points out in his introduction to the collection. The declassified Estimates are foundation stones for our ongoing efforts to understand the evolution of the People's Republic of China and its politics, economics, and foreign policy.



NIC 2004-05 October 2004

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This paper was prepared under the auspices of
Ambassador Robert L. Hutchings, Chairman,
National Intelligence Council. Inquiries may be directed
to the Chairman on (703) 482-6724.

Preface

The National Intelligence Council is pleased to issue this collection of over seventy National Intelligence Estimates on China—the largest such release ever made at one time. These formerly classified documents represent the most authoritative assessments of the United States Government and so constitute a unique historical record of a momentous era in China's modern history.

The collection spans the pivotal period from the final stages of the Chinese civil war and the consolidation of the Communist regime through the upheavals of the Great Leap Forward and Cultural Revolution. It chronicles the struggles within the top leadership, the buildup of the Chinese military, and the evolution of the Sino-Soviet split. With the benefit of hindsight, we can now study the assessments of these developments with a degree of historical perspective, while still feeling the excitement of reading "history as it happens."

The collection was truly a collaborative undertaking. The editors of this volume—John K. Allen, John Carver, and Tom Elmore—did a masterful job of selecting and editing the documents to be included. Robert Suettinger drew on his experience in the intelligence, policy, and scholarly worlds to write a superb introduction. Within the National Intelligence Council, Mathew Burrows and his analytic and production staff expertly turned the raw documents into a finished book, which we unveiled at a major international conference held in partnership with the Woodrow Wilson International Center for Scholars and its Cold War International History Project. Finally and most importantly, the volume was made possible by the contributions of a whole generation of analysts and senior officers from the many agencies of the United States Intelligence Community.

A handwritten signature in black ink, reading "Robert L. Hutchings". The signature is fluid and cursive, with the first name "Robert" and last name "Hutchings" clearly legible.

Ambassador Robert L. Hutchings

Chairman, National Intelligence Council

序言

国家情报委员会很高兴发行共收录七十余份有关中国的国家情报评估文件的汇编,这是有史以来一次发行规模最大的汇编集.这些曾经列为机密的文件代表美国政府最具有权威性的评估,是有关中国近代史上一个重要时代的绝无仅有的历史记录.

本汇编涵盖了包括中国国内战争,共产政权的巩固,以及大跃进和文化革命时期的动乱的关键时期,它记录最高领导层的斗争,中国的军队建设,和中苏决裂的演变.我们事后可以用一定程度的历史眼光研究这些事态的发展,同时还感觉到阅读“历史正在发生”的那种兴奋.

本汇编是真正通过同心协力而完成的.编纂本汇编的编辑人员约翰.K.艾伦,约翰.卡弗,汤姆,尔摩出色地完成了选录和编辑所要收录的文件.苏葆立利用其在情报界,决策界,和学术界的经验写出极佳的绪论.在国家情报委员会里,马修.伯罗斯和他的情报分析与生产人员精巧地将原始文件编制成一本书,我们将这本书在和伍德罗.威尔逊国际学者中心与其冷战国际历史项目共同举办的一次重大国际会议上公诸于众,最后和最重要的一点,本汇编是因为来自美国情报界的整整一代的分析家和高级官员所做出的贡献才编写成的.

罗伯特.哈钦斯大使

国家情报委员会主席

Contents

Preface (English)		i
Preface (Mandarin)		iii
Forward		viii
Introduction (English)		ix
Introduction (Mandarin)		xxvii
Section 1: ORE 45-48	The Current Situation in China, 22 July 1948— (Summary only)	1
Section 2: ORE 12-48	Prospects for a Negotiated Peace in China, 3 August 1948	7
Section 3: ORE 77-48	Chinese Communist Capabilities for Control of All China, 10 December 1948	17
Section 4: ORE 29-49	Prospects for Soviet Control of a Communist China, 15 April 1949—(Summary only)	31
Section 5: ORE 45-49	Probable Developments in China, 16 June 1949	37
Section 6: ORE 89-49	The Food Outlook for Communist China, 3 February 1950—(Summary and pp. 2-3)	61
Section 7: NIE-2	Chinese Communist Intervention in Korea, 6 November 1950	67
Section 8: NIE-10	Communist China, 17 January 1951	81
Section 9: NIE-58	Relations Between the Chinese Communist Regime and the USSR: Their Present Character and Probable Future Courses, 10 September 1952	87
Section 10: NIE 13-54	Communist China's Power Potential Through 1957, 3 June 1954	99
Section 11: NIE 13-58	Communist China, 13 May 1958	119

Section 12: SNIE 100-9-58	Probable Developments in the Taiwan Strait Area, 26 August 1958	163
Section 13: SNIE 100-11-58	Probable Chinese Communist and Soviet Intentions in the Taiwan Strait Area, 16 September 1958	179
Section 14: SNIE 100-12-58	Probable Developments in the Taiwan Strait Crisis, 28 October 1958	185
Section 15: SNIE 100-4-59	Chinese Communist Intentions and Probable Courses of Action in the Taiwan Strait Area, 13 March 1959	191
Section 16: NIE 100-3-60	Sino-Soviet Relations, 9 August 1960	215
Section 17: NIE 13-60	Communist China, 6 December 1960	249
Section 18: NIE 13-2-60	The Chinese Communist Atomic Energy Program, 13 December 1960—(Minus annexes)	287
Section 19: NIE 10-61	Authority and Control in the Communist Movement, 8 August 1961	313
Section 20: NIE 13-63	Problems and Prospects in Communist China, 1 May 1963	333
Section 21: SNIE 13-4-64	The Chances of an Imminent Chinese Communist Nuclear Explosion, 26 August 1964	365
Section 22: NIE 13-9-65	Communist China's Foreign Policy, 5 May 1965	375
Section 23: NIE 13-7-65	Political Problems and Prospects in Communist China, 5 August 1965	391
Section 24: SNIE 13-66	Current Chinese Communist Intentions in the Vietnam Situation, 4 August 1966	403
Section 25: NIE 11-12-66	The Outlook for Sino-Soviet Relations, 1 December 1966	413
Section 26: NIE 13-3-67	Communist China's Military Policy and Its General Purpose and Air Defense Forces, 6 April 1967	427
Section 27: NIE 13-7-67	The Chinese Cultural Revolution, 25 May 1967	457
Section 28: NIE 13-5-67	Economic Outlook for Communist China, 29 June 1967	473
Section 29: NIE 13-8-67	Communist China's Strategic Weapons Program, 3 August 1967	487

Section 30: NIE 13-9-68	The Short-Term Outlook in Communist China, 23 May 1968	507
Section 31: SNIE 13-69	Communist China and Asia, 6 March 1969	525
Section 32: NIE 11/13-69	The USSR and China, 12 August 1969	541
Section 33: SNIE 13-9-70	Chinese Reactions to Possible Developments in Indochina, 28 May 1970	561
Section 34: NIE 13-7-70	Communist China's International Posture, 12 November 1970	581
Section 35: NIE 13-3-72	China's Military Policy and General Purpose Forces, 20 July 1972—(Summary only)	601
Section 36: NIE 11/13/6-73	Possible Changes in the Sino-Soviet Relationship, 25 October 1973	613
Section 37: NIE 13-8-74	China's Strategic Attack Programs, 13 June 1974— (Minus annex)	631
See CD inside back pocket for full text of the above 37 and 34 other declassified China NIEs/SNIEs.		675

Note: Sections are complete unless otherwise noted.

This publication is also available on the NIC Public Web site at: www.cia.gov/nic under Declassified NIC Publications.

Forward

This collection of declassified intelligence Estimates on China is the first such release by the CIA of analytic products exclusively on China. The inspiration for this undertaking came from National Intelligence Council (NIC) Chairman Robert Hutchings and Herb Briick of CIA's Information Management Services (IMS). Upon reviewing outstanding requests for NIC documents received through Freedom of Information and Executive Order channels, both noted a critical mass of requests on China. The 71 documents in the collection—37 of which are printed in whole or part in this volume and all 71 of which are on the accompanying CD in their entirety—also include some Estimates which have been previously declassified and released either to individual requesters or as part of periodic voluntary releases undertaken by CIA's Historical Review Group.

The production of the collection was a joint effort by the NIC and IMS. Beginning in early 2004, a small team under a project manager was formed on the staff of the DCI's Information Review Office. The team included three editors, all with analytic experience on China (see biographic sketches below), who reviewed, selected and declassified the documents, assisted on a part time basis by two experts on the declassification process and a specialist on electronic management of documents.

During the period 1948-1976, some 240 Estimates dealing in some degree or another with China were produced. Owing to time and space constraints, the editors made a representative selection from this total. The editors' aim was to include Estimates that tracked the general trends of China's internal politics, foreign relations, national economy, and the growth of its military establishment. Redundant Estimates and those that dealt with topics peripheral to China were omitted. The largest category not chosen was Estimates on the Communist Bloc as a whole. Most of these Estimates were devoted primarily to the Soviet Union, and many of these had already been released.

John K. Allen, Jr.

Mr. Allen is a 30-year veteran of CIA, having served in operations, analysis, and the management of analysis. As an analyst, he followed China during the 1970s, focusing on China's foreign policy. He served on the NIC as National Intelligence Officer in 1994 and 1995. He studied Chinese affairs at Harvard University (MPA, 1977).

John Carver

Mr. Carver is a 40-year CIA veteran with an additional 10 years on contract. His work on China began in 1954 and has included translation of Chinese documents and analysis of China's internal politics and leaders, economy, and science and technology. He lectured on China at the CIA in the 1970s. He graduated from the University of Pennsylvania with a BA in International Relations.

Tom Elmore

Mr. Elmore also is a 40-year veteran of the CIA, having served primarily in analysis and the management of analysis. As an analyst, he followed China during 1968-1975 and again in 1982-1993, focusing on both China's domestic and foreign policy. He also taught Chinese foreign policy at The George Washington University while serving as Intelligence Officer in Residence. He studied Chinese affairs at Harvard University (1967-1968).

Introduction

By Robert L. Suettinger

A 24-year career intelligence analyst, Robert L. Suettinger served as Deputy National Intelligence Officer for East Asia on the National Intelligence Council from 1989 to 1994 and as National Intelligence Officer for East Asia from 1997 to 1998. He also was Director of Asian Affairs on the National Security Council from 1994 to 1997. His book on U.S.-China relations, *Beyond Tiananmen: The Politics of U.S.-China Relations, 1989-2000*, was published by The Brookings Institution in 2003.

This volume, consisting of 37 declassified National Intelligence Estimates (NIEs) and Special National Intelligence Estimates (SNIEs) on China, along with the CD-ROM containing these and 34 other such documents, is a welcome addition to the study of intelligence and policy in the United States Government. It joins several other noteworthy collections by CIA's Center for the Study of Intelligence, including *Watching the Bear: Essays on CIA's Analysis of the Soviet Union* (2003), *CIA's Analysis of the Soviet Union, 1947-1991* (2001), *At Cold War's End: U.S. Intelligence on the Soviet Union and Eastern Europe, 1989-91* (1999), and *CIA Assessments of the Soviet Union: The Record Versus the Charges* (1996)¹ as rich sources of information for historians and political scientists interested in how the intelligence process works, how well it performs its tasks, and what impact it has on policy. The documents in this volume played an essential role in helping U.S. Government leaders and officials formulate policy toward the Communist Party of China during the Chinese civil war and the government of the People's Republic of China (PRC) after its founding in 1949 and during Mao Tse-tung's (Mao Zedong's)² leadership.

Equally important, in my view, is the significance of these papers as source documents in our ongoing efforts to understand the PRC, its politics, economics, and foreign policy. Unlike the collections on the Soviet Union, which are retrospectives on a failed Soviet Union and a Cold War now over, these papers contain formative thinking on an existing state, an ongoing challenge to American interests and security. They are, in a sense, some of the foundation stones for a work that is still in progress. Papers on Communist Party leadership issues of 50 years ago remain pertinent to an understanding of how leadership succession and transition issues are carried out in contemporary Beijing. The studies of the Taiwan Strait crises of the 1950s are relevant to the cross-Strait tensions of today, which still see the United States in the middle of the remnants of China's civil war. Echoes of China's involvement in the Korean War can be heard in the Six-Party Talks currently under way to resolve tensions between the United States and North Korea over its nuclear program. And China's economy—now one of the world's largest—is clearly a product of its struggles with industrialization and agricultural modernization, tracked in the Estimates published in this volume.

¹ These and other documents are most easily accessed through the CSI Web site at <http://www.cia.gov/csi/index.html>.

² During this period, the US government used the Wade-Giles Romanization system for Chinese names. Later, it adopted the *pinyin* system used in China. In referring to individual Chinese leaders, I will use the Wade-Giles system first, followed by the current spelling in *pinyin*.

On the Subject of Estimates

Before going into details about the papers and their significance, however, it is important to note that all but a few of the papers in this collection were published originally in the form of National Intelligence Estimates or Special National Intelligence Estimates. Unlike other intelligence reports, which focus on current intelligence, Estimates are forward-looking assessments. Such Estimates, from the earliest days of the modern U.S. intelligence system—the product of the National Security Act of 1947—have been considered to be the best analysis of specific issues of national importance or of national crisis situations that could be brought to bear by the Director of Central Intelligence (DCI), with the concurrence of the other intelligence organizations of the United States Government. As DCI Walter Bedell Smith put it in a 1950 meeting of the Intelligence Advisory Council,

A national intelligence estimate . . . should be compiled and assembled centrally by an agency whose objectivity and disinterestedness are not open to question. . . Its ultimate approval should rest upon the collective judgment of the highest officials in the various intelligence agencies. . . [I]t should command recognition and respect throughout the Government as the best available and presumably the most authoritative estimate. . . It is . . . the clear duty and responsibility of the Central Intelligence Agency under the statute to assemble and produce such coordinated and authoritative Estimates.³

Accordingly, the responsibility for drafting Estimates, after briefly being assigned to CIA's Office of Research and Estimates (ORE), was located in CIA's Office of National Estimates (ONE) as of November 1950. ONE performed its estimative task fully, preparing more than 1,500 of them until the office was disestablished in November 1973.⁴ ONE was a small organization, consisting of a Board of National Estimates of between five and twelve senior experts, a professional staff of 25-30 regional and functional specialists, and a support staff.⁵

Estimates could be requested (tasked) by the President, members of the National Security Council, any member of the United States Intelligence Board (USIB—predecessor of the National Foreign Intelligence Board, discussed below), or by the leadership of ONE itself. Upon completion by ONE—a process that averaged about 6-8 weeks, Estimates were forwarded to the DCI, who presented them to a USIB meeting for final concurrence. At this point, if individual bureaucracies had specific objections to judgments made in the Estimate, they would be discussed, registered, and entered into the final draft. Final copies of Estimates were disseminated by ONE to 100-300 individuals or offices within the U.S. Government, depending upon classification levels, subject and relevance. After publication, many Estimates also were subjected to a formal review of "intelligence gaps" or shortfalls of information it was hoped could be addressed by intelligence collectors.⁶

³ Quotations from Sherman Kent, *The Law and Custom of the National Intelligence Estimate*, available at <http://www.cia.gov/csi/books/shermankent/5law.html>.

⁴ *Ibid.* The numbering system for Estimates in this collection reflects this organizational history. Estimates produced by ORE bear the office's abbreviated designator. National Intelligence Estimates (NIEs) and Special National Intelligence Estimates (SNIEs) were produced by ONE or the NIO system.

⁵ *Ibid.* See also Sherman Kent, *The Making of an NIE*, which is available at <http://www.cia.gov/csi/books/shermankent/making.html>. This is a particularly valuable essay by the individual who was head of ONE from 1952 to 1967. It discusses in detail the ONE process of preparing an Estimate from beginning to end.

⁶ *Ibid.*

To improve responsiveness to intelligence needs and to better engage the Intelligence Community members⁷ in the drafting of estimative intelligence, the ONE was succeeded in 1973 by National Intelligence Officers. This group of substantive experts became the National Intelligence Council in 1979.⁸ Only two of the papers in this volume and three in the entire collection were produced under the auspices of the NIO system. The final approval for NIEs currently is the responsibility of the National Foreign Intelligence Board, which is chaired by the DCI or Deputy DCI, and consists of the heads of the principal intelligence collection and analytic services in the US Government.⁹

To this day, Estimates remain controversial. Yet for all their controversy they are not always the most critical components of the foreign policy making process. Again, to paraphrase Sherman Kent, estimating is what you do when you do not know something with exactitude or confidence. In discussing large or complex topics, formal intelligence Estimates necessarily have to delve into a realm of speculation, a dense process of trying to separate out the probable from the possible from the impossible, and of providing answers to difficult but important questions with an appropriate degree of uncertainty about incomplete information.

In the course of a 24-year career in the U.S. Government, I have been both a producer and a consumer of intelligence Estimates,¹⁰ and can attest to the variegated role they play in the policy making process. If they are written at the specific request of a policy principal, or focused on an ongoing crisis, Estimates are likely to be read avidly and be an important factor in crisis management and decisionmaking. If they are highly technical and involve weapons of mass destruction, they will be read carefully and be factored into long-range planning processes, particularly by military consumers. If they are more general overviews of internal politics, economic development, or even foreign policy, they are less likely to be read by key policymakers, but they may be highly useful in educating middle-level officials and other members of the Intelligence Community on general policy issues and potential problems just over the (invariably short) horizon of the policy players.

In any case, Kent's advice to those charged with preparing Estimates remains sound. An Estimate,

...should be relevant within the area of our competence, and above all it should ... be credible. Let things be such that if our policymaking master is to disregard our knowledge and wisdom, he will never do so because our work was inaccurate, incomplete, or patently biased. Let him disregard us only when he must pay greater heed to someone else. And let him be uncomfortable—thoroughly uncomfortable—about his decision to heed this other.¹¹

Equally important, in my view, NIEs are documents of record, contributions to institutional, and perhaps national, history. Current intelligence analysis disappears quickly and even more thoroughly than yesterday's newspaper. Mid-range analysis is usually remembered only if it's

⁷ As currently constituted, the Intelligence Community consists of the Central Intelligence Agency; Defense Intelligence Agency, National Security Agency, National Geospatial-Intelligence Agency; National Reconnaissance Office; the State Department's Bureau of Intelligence and Research; Air Force, Army, Coast Guard, Marine Corps and Navy Intelligence; the Federal Bureau of Investigation; Department of Homeland Security; Department of Energy, and the Treasury Department.

⁸ For a full description of the NIC, its organization, history, mandate and a selection of its products, go to http://www.cia.gov/nic/NIC_home.html.

⁹ This structure was authorized under Director of Central Intelligence Directive 3/1, of January 14, 1997, which can be found at <http://www.fas.org/irp/offdocs/dcid3-1.html>.

¹⁰ See biographic note at the beginning of this essay.

¹¹ "Estimates and Influence," Sherman Kent, available at <http://www.cia.gov/csi/books/shermankent/4estimates.html>

wrong. But Estimates put the big judgments on the record, they represent the collective knowledge of hundreds of intelligence analysts, and they are intended to stand a test of time—in most cases, two to five years. So in a sense, they are written for historians as well as policymakers.

Domestic Politics—The Mao Years

In considering how to divide up and comment on the rather large and unwieldy body of analytical literature provided in this collection, I thought it might be useful to adopt the overall structure of some of the Estimates themselves, particularly the generic overview Estimates, such as NIE 13-58 and NIE 13-60, both entitled *Communist China*. Their usual analytical line of march was to comment on the leadership situation within the party, then move on to economic matters, including sources of public discontent, military capabilities, then foreign policy, finishing with an outlook. I will follow that pattern, looking at what intelligence estimators had to say about China's domestic political environment, economic developments, military capabilities, and finally foreign affairs, specifically Sino-Soviet relations and the Taiwan issue.

People outside the intelligence business often assume that intelligence analysts have unique sources of information—classified data and secret reports—and that therefore their assessments should be more insightful, accurate and predictive; in other words, truer. The documentation provided in this volume leaves little doubt that, at least in the early years of the PRC, intelligence analysts enjoyed few advantages over their academic and journalistic counterparts on the question of the inner workings of the Chinese Communist Party. Beginning with the first post-1949 Estimate on Communist China in 1951, NIE 10, *Communist China*, the estimators came up with a firm judgment about the leadership that scarcely wavered for a decade:

For the foreseeable future, the Chinese Communist regime will probably retain exclusive governmental control of Mainland China. Although there is undoubtedly much dissatisfaction with the Communist regime in China, it does enjoy a measure of support or acquiescence and is developing strong police controls. No serious split in the Communist regime itself is now indicated.¹²

Three years later, in the more comprehensive NIE 13-54, *Communist China's Power Potential Through 1957*, published in June 1954, it was noted that while a February central committee plenary meeting suggested that “differences and rivalries” appeared to exist within the leadership group led by Mao Tse-tung (Mao Zedong), no “clearly established factions” existed, and the leadership was characterized by “cohesion and stability.” The plenum had, in fact, overseen the first major party purge, that of Politburo member Kao Kang (Gao Gang) and Organization Department director Jao Shu-shih (Rao Shushi), but the information would not become public knowledge for another year.

It should come as no surprise that hard information sources during this early period would be sparse. The United States and China did not have formal diplomatic relations, a trade embargo kept commercial contacts to a bare minimum, and a state of extreme ideological hostility permeated the relationship in the wake of the Korean War. Information from Taiwan was not always considered accurate or reliable. Moreover, the PRC itself had put together an extremely effective propaganda and information control operation that kept stories of its internal politics and policy deliberations strictly confidential. Even in 1979, after extensive investigation of party documents and other

¹² NIE 10, *Communist China*, January 17, 1951, page 1. All pages cited in NIEs and SNIEs refer to the page numbers of the original documents.

materials released during the Cultural Revolution, Frederick Teiwes would note that the causes and outcomes of the Kao Kang purge remained obscure.¹³

By 1960, evidence of discontent within the upper ranks of the party had grown, and NIE 13-60 noted that the purge of Defense Minister P'eng Te-huai (Peng Dehuai) and several others in 1959 was "probably the result of their questioning of party policies."¹⁴ But the overall judgment of the Estimate was that Mao's authority and support base were such that his views would prevail in party councils, and "factionalism will not be a serious issue while he lives."¹⁵ Three years later, NIE 13-63, *Problems and Prospects in Communist China*, would note that, while the regime's economic policies and the cutoff of Soviet assistance had done "grievous" damage to the Chinese economy and further reduced popular support, Mao retained "ultimate power," along with the core of individuals who had led the party since the 1930s. While the estimators doubted that factionalism would become a problem, the NIE raised "actuarial" concerns about Mao and his colleagues, most of whom were in their late 60s or older.¹⁶

NIE 13-7-65, *Political Problems and Prospects in Communist China*, represents something of a watershed and is one of the most remarkable documents in the collection. Relentlessly pessimistic, the paper focuses on evidence of ineffective political and economic policies, reduced morale among lower-level party members, increased tensions and attacks on intellectuals in the "socialist education campaign," and a top-level leadership that is "increasingly inflexible and dogmatic." Mao is described as "fearful and suspicious," sensitive to criticism, and increasingly focused on personal loyalty above all else. He "shows a tendency to look back upon his years as a guerrilla leader for methods of coping with modern-day problems" which the writers believe will bring more unworkable policies. Yet the Estimate notes—again accurately—that factionalism, while possible, has not yet become serious enough to "crack the discipline under which the leaders have so long operated."¹⁷

Nine months later, the "Great Proletarian Cultural Revolution" was in full swing, instigated by Mao against his designated successor Liu Shao-ch'i (Liu Shaoqi) and his cohorts, who were now accused, *inter alia*, of disloyalty, trying to restore capitalism, and practicing factionalism. What ensued was a confusing and chaotic decade-long political struggle that did enormous damage to China's social stability, political system, economy, and foreign policy. In its initial phases, students and analysts of China were often at odds over what appeared to be remarkably self-destructive policies and actions. Two senior CIA analysts wrote articles in *The China Quarterly* during 1967-68, presenting contrasting perspectives on what the raucous and increasingly violent internal political struggle was all about.¹⁸

One of the unintended consequences of the Cultural Revolution was an explosion of previously unknown documentary material being published in various Chinese newspapers and journals. As members of the Red Guard and Cultural Revolution Group radicals denounced and sought to justify the purges of veteran Party leaders, they published speeches, exposés, articles and other materials that shed considerable light on earlier periods of the party's history. The Foreign Broadcast

¹³ Frederick C. Teiwes, *Politics & Purges in China: Rectification And The Decline Of Party Norms, 1950-1965*, (New York: M.E. Sharpe, Inc., 1979), pages 166 ff.

¹⁴ NIE 13-60, *Communist China*, December 6, 1960, page 9.

¹⁵ *Ibid.*

¹⁶ NIE 13-63, *Problems and Prospects in Communist China*, May 1, 1963, page 4.

¹⁷ NIE 13-7-65, *Political Problems and Prospects in Communist China*, August 5, 1965, pages 3, 9.

¹⁸ See Philip Bridgham, *Origin and Development [of the Great Proletarian Cultural Revolution]* in *The China Quarterly* No. 29 (January-March 1967), pages 1-35; Philip Bridgham, *Mao's Cultural Revolution in 1967: The Struggle to Seize Power* in *The China Quarterly* No. 34 (April-June 1968), pages 6-37; and Charles Neuhauser, *The Chinese Communist Party in the 1960s: Prelude to the Cultural Revolution* in *The China Quarterly* No 32 (October-December 1967), pages 3-36.

Information Service, Joint Publications Research Service, and the Hong Kong consulate's Survey of Chinese Mainland Publications translated and published extra editions to try to keep up, providing a treasure trove for intelligence analysts and academic specialists alike.¹⁹ In some ways, experts had a glut of information.

But that didn't necessarily make the job of estimating any easier. NIE 13-7-67, *The Chinese Cultural Revolution*, is a carefully balanced effort to try to make some sense of the conflicting information. It is blunt in its evaluation of the unknowns and risks inherent in predicting outcomes. It states, "The political crisis in China continues. No end is in sight. Among the several possible outcomes, no one is distinctly more likely than others."²⁰ The paper is prophetic in noting that civil war or fragmentation along regional lines was unlikely and in assessing the probability that a cautious group within the military would be inclined to find common ground with moderate political leaders in the post-Mao era. And it reaches careful, but appropriate conclusions about where the movement would go.

There will probably continue to be fluctuations between more radical initiatives and periods of consolidation or retreat. We cannot predict precise tactics or individual victims at the top. But we can be fairly confident that as long as Mao is capable of political command, China's situation will probably be tense and inherently unstable.²¹

After Mao, the estimators expected a "disorderly and contentious" succession struggle, followed by the gradual abandonment of his "discredited" political and economic policies, with military and civilian leaders attempting to find common ground and restore policies that might "secure modest economic growth."²² What the Estimate drafters could not know, of course, is that Mao would live for another nine years.

Unfortunately, the collection provides only a few examples of this kind of cogent analysis on China's leadership situation. In NIE 13-9-68, which weighed the impact of the Cultural Revolution on Mao and his adherents, the opposition to Mao and the instruments of power in China were again examined. Also in NIE 13-3-72, *China's Military Policy and General Purpose Forces*, there is considerable discussion of the political turmoil within the military following the purge of Defense Minister Lin Piao (Lin Biao), who was later accused of trying to engineer a coup against Mao.²³ But that carefully constructed tale—still something of a mystery—was not completed at the time of the Estimate, which in any case was devoted to a more thorough discussion of PLA strengths and capabilities. Thus, a discussion of the late phases of the Cultural Revolution is not available among these papers. Part of the reason may lie in the fact that the newly organized National Intelligence Officer system (instituted in 1973) had not put together a research or analytical program on China's internal political situation that was comparable to that of ONE. And perhaps during that period of nascent U.S.-China friendship and relationship-building, there was less call for gloomy assessments of China's muddled political situation. But the tale of the Mao years seems strangely unfinished.

¹⁹ Roderick MacFarquhar, in his monumental three-volume study, *The Origins of the Cultural Revolution*, published by Columbia University, makes extensive use of the documentary material released during this period to put together a detailed history of leadership interactions during the 1950s and early 1960s. Although evaluation of the origins of the Cultural Revolution and its political goals remains controversial, NIE 13-7-67 holds up very well both as an accurate accounting of a tumultuous period, and in comparison with some press and academic analysis done during the time.

²⁰ NIE 13-7-67, *The Chinese Cultural Revolution*, May 25, 1967, page 1.

²¹ *Ibid.*, pages 10-11.

²² *Ibid.*, page 12.

²³ According to later accounts, Lin was killed on September 12, 1971, while trying to flee to the Soviet Union in a commandeered military airliner. Lin's principal lieutenants—who dominated the 9th Central Committee Politburo elected in 1969—and many other military officers were arrested and removed from power in a massive purge of the People's Liberation Army.

The record is nonetheless an impressive one. Of course, it is easy to find mistakes and missed calls, as in any retrospective on estimative material. But the fundamentals are consistently right. The drafters of NIEs during this period had an understanding of Chinese history, a good grasp of the dynamics of a Soviet-style politburo system, and a growing base of information about the personalities and policies of the Beijing government. Their judgments were very general, focused on the threats presented by “Communist China”²⁴ to U.S. interests, especially in Asia. But they were objective, non-ideological, and balanced, at least in my view. The more important judgment that the Estimates consistently got right was that the Communist Party was never challenged—from 1948 onward—in its predominance of power on the Chinese Mainland, and that Mao was never effectively challenged from within the party. Even when his unrealistic economic policies brought on the disaster of the Great Leap Forward—which the ONE analysts initially underestimated, both in terms of its economic and social impact—or when his ideologically ambitious programs and propaganda led to a split with the Soviet Union, even when his jealous paranoia nearly destroyed the Communist Party during the Cultural Revolution, Mao’s leadership was never really in doubt. And even today, Mao’s reputation is not open to question within the Communist Party.

Measuring China’s Economy

From the period following the Korean War armistice, when “Communist China’s” survival as a state seemed assured, the papers provided in this collection make clear that evaluating China’s economic policies and performance was an important part of the task of estimating China’s performance and prospects. Earlier Estimates, such as the strongly ideological and apparently inaccurate ORE 89-49, *The Food Outlook for Communist China*, and NIE 10, *Communist China*, only looked at economic issues insofar as they might be liabilities to regime survival—and even then warned against trying to use them to undermine the new Communist government. Beginning with NIE 13-54, *Communist China’s Power Potential Through 1957*, estimators tried to evaluate and measure China’s economic performance and to develop understandable statistical standards. This effort was hampered by the slow development of an economic statistical system in China. The targets of the first five-year plan (1952-57), for example, were not announced until 1955 and were revised almost continuously after that.

The estimators took stock of what was known of China’s preliminary economic plan, clearly saw that it was modeled on Soviet lines, and drew their conclusions accordingly.

Emphasis is placed upon increasing the output of the industrial sector, particularly heavy industry and transport. Fulfillment of the regime’s plan depends upon increasing agricultural output while rigorously restricting consumption so as to provide the resources needed to support the industrial investment and military programs. A large part of the capital goods needed to fulfill the program will have to be obtained from the rest of the Soviet bloc in return for Chinese exports.

The Estimate drafters fully recognized the enormity of the tasks facing China and credited the regime with making significant progress in reconstituting an economy shattered by civil war, social turmoil, and decades of mismanagement. They added that China also was faced with serious

²⁴ The use of ideologically-backed terms like “Communist China,” rather than “China” or “PRC,” or until the 1960s, “Peiping” (Beiping)—the Nationalist Chinese term—rather than Peking (Beijing) does not imply an ideologically biased perspective in these papers. With a few exceptions, they are carefully neutral and non-ideological in their judgments of Chinese actions and accomplishments. They do not shrink from the view that, as part of the international Communist movement, China’s goals and practices were intrinsically hostile to the United States. But they do not reflect some of the more extreme perspectives (or terminology) used elsewhere in the public domain—e.g. “Red China,” “Chicoms,” etc.—during this period.

shortages of technically skilled economic managers and administrators, a costly over-concentration on military production, and a rapidly growing population, all of which would limit growth. Nonetheless, the Estimate concluded that China was likely to achieve a 20-25 percent growth in total output over the course of the first five-year plan.²⁵

The next major look at China's economic performance came in NIE 13-58, *Communist China*, which included a five-page annex on the first five-year plan, detailed analysis of central budgetary expenditures, and an assessment of key economic sectoral growth rates. Again, the overall Estimate was upbeat, a carefully nuanced evaluation that concluded China's ambitious goals for its second five-year plan were within reach, if difficult, and dependent upon a number of non-economic variables. One of the most important of these was the very narrow margin of difference between the overall rate of population growth and the growth of agricultural production. In a cautionary footnote, the Estimate added,

Chinese Communist statistics on which the data and analyses throughout this Estimate are based are subject to the same reservations as those of other Bloc countries, but to a somewhat greater extent, in view of the inexperience on the part of the newly established Chinese Communist statistical collection system. . . . Chinese Communist statistics are the basis for the regime's planning and we believe are not, in general, misrepresented.²⁶

In retrospect, the Estimate's economic projections proved to be substantially wrong, and China's economy suffered catastrophic setbacks in the following two years. While the Estimate's analysis represented good-faith and methodologically sound attempts to draw on existing quantitative data for estimates of future performance, the drafters underestimated the degree of political interference that Mao would introduce into the economic planning and production system. And although they tried to factor in statistical inaccuracies, they could not have predicted the massive and deliberate misrepresentation of production data that characterized the "Great Leap Forward" from its inception. They were not alone in that error; not only other Western academic experts, but the entire Chinese economic planning system seemed disoriented and unable to comprehend the scale of China's economic problems during those years.

By 1963, the regime's economic travails were better understood, even if the political struggles that lay behind them remained opaque. NIE 13-63, *Problems and Prospects in Communist China*, presented a harsh assessment of the Great Leap and its aftermath: "During the past five years, . . . Communist China's economy has been grievously mismanaged. The leadership has been handicapped by inadequate economic training and experience, limited by a narrow doctrine, and misled by fanaticism."²⁷ It attributed a considerable degree of the damage to China's economy to the withdrawal of Soviet aid and expertise that accompanied the Sino-Soviet split. (See section that follows on Sino-Soviet Relations.) The paper also included a lengthy annex analyzing China's economic performance in 1962—a very general, sectoral evaluation based on non-Chinese statistics or internal CIA estimates. It held out the possibility of a continuing recovery—perhaps to the general level of productivity achieved in 1957—if the regime focused its attention on improving agricultural production and continued "to pursue relatively moderate and reasonable policies and if it has reasonable luck with the weather." It warned, however, that the margin between success and failure remained so slim as to render any estimate of China's economic future "general and tentative."²⁸

China's economic problems remained the focus of Estimates in the following three years, and ONE analysts saw their worst-case scenarios coming true. NIE 13-5-67, *Economic Outlook for*

²⁵ NIE 13-54, *Communist China's Power Potential Through 1957*, June 3, 1954, page 1.

²⁶ NIE 13-58, *Communist China*, May 23, 1958, page 22 footnote 1.

²⁷ NIE 13-63 *Problems and Prospects in Communist China*, May 1, 1963, page 5.

²⁸ *Ibid.*, page 6.

Communist China, reflects an implicit sense of frustration at the continuing failure of the economy to fulfill its potential. It states,

There seems little doubt that economic performance has declined this year, but it is impossible to quantify the decline. . . . Peking has published little useful data since 1960. With economic planning in a state of suspended animation, it seems likely that major economic initiatives will be postponed until some resolution of the political struggle is achieved.

Nonetheless, the Estimate judged that efforts were being made to insulate basic economic production from the worst excesses of the Cultural Revolution, and an economic crisis did not appear to be imminent.²⁹

The NIE collection does not provide any further examples of focused economic analysis. Part of the reason is perhaps organizational—CIA's Directorate of Intelligence formed an Office of Economic Research in 1966, and it assumed the task of providing detailed and statistical analysis of China's economy, developing sophisticated techniques and models to compensate for the paucity of official economic statistics but for the most part reporting its findings through channels other than ONE. Another reason is that China's economy continued to stumble along for the next ten years, and the policy community's interests shifted to more urgent issues involving China's strategic weapons programs and its foreign policies toward the Soviet Union and the United States.

In looking at the extraordinary "takeoff" of the Chinese economy of the last 20 years, its rapid achievement of global significance and the changes it has brought to ordinary Chinese, it is difficult to see how it might have emerged from the economic shambles described in these Estimates. It is worth noting, however, that for a significant percentage of China's population—those dwelling in the rural areas away from the coast—real economic conditions may not have changed so radically from what is depicted in these Estimates. Agricultural production still lags urban industrial development, excess farm population remains a serious drag on the economy, and rural discontent continues to challenge the political leadership, echoing developments described in these Estimates. China may be under new economic management, but some of the old problems linger.

The Military Challenge and China's Strategic Weapons Programs

Very few of the Estimates in this collection failed to take account of, and several focused exclusively on, the development of the People's Liberation Army (PLA), in earlier years referred to as the "Chinese Communist army," into an effective fighting force and a threat to the security interests of the United States. Irrespective of the variations of ideological concern evident in these papers—and it varied in interesting ways—the notion that Chinese military capabilities merited respect and concern is evident throughout.

- In describing the shocking collapse of the Nationalist Chinese in the civil war, ORE 77-48 observed in 1948: "The strength and tactical success of the Chinese Communist [Armed] Forces have been the chief instruments in the ascent of the Communist Party, and will continue to be so"³⁰
- On the eve of China's entry into the Korean War in 1950, another NIE stated: "The Chinese Communist Forces are . . . believed capable either of: a) halting further UN advance northward

²⁹ NIE 13-5-67, *Economic Outlook for Communist China*, June 29, 1967, page 4.

³⁰ ORE 77-48, *Communist Capabilities for Control of All China*, December 10, 1948, page 1.

by matching any foreseeable UN buildup with piecemeal commitment of forces . . . ; or b) forcing UN withdrawal further south through a powerful assault.”³¹

- NIE 13-54 considered In 1954: “The internal control and international power position enjoyed by the Communist regime rest largely upon the power potential of China’s military establishment, at present the largest of any Asian nation.”³²
- In the 1958 Quemoy-Matsu crisis, SNIE 100-9-58 warned: “If opposed only by Chinese Nationalist forces, the Chinese Communists have the capability to deny the Taiwan Strait to the Chinese Nationalist air force, interdict supply of the offshore islands, or seize these islands.”³³
- Assessing China’s strategic aspirations after it tested both fission and fusion weapons in the mid-1960s, NIE 13-8-67 observed: “The present leaders probably believe that the successful development of strategic weapons would greatly enhance their prestige and strengthen their claims to leadership in Asia and their status as a great power . . . the Chinese may believe the ability to strike the U.S. and targets in Asia with nuclear weapons would serve to limit U.S. military operations in Asia and to keep any confrontation at the level of conventional arms where the Chinese would expect to enjoy many advantages.”³⁴

A corollary to the assessment that the Beijing regime was reliant on its military forces and had invested significant economic resources into their development was the observation in several of the papers in this collection that Beijing’s leaders were chary of risking a direct military confrontation with the United States, either strategic or conventional. This was probably partly the result of the Korean War, when Mao did throw enormous numbers of troops into a conventional war against American troops and suffered heavy casualties only to bring about an indeterminate result—the tense armistice that continues today. That reluctance may also have been a result of the 1954-55 Quemoy-Matsu crisis when U.S. President Dwight Eisenhower threatened the use of tactical nuclear weapons against Mainland targets if the PRC attacked the Nationalist-controlled offshore islands of Quemoy (Chin-men or Jinmen) or Matsu (Mazu).³⁵ Most importantly, however, Beijing’s caution was part of Mao’s own military doctrine, which stressed defense of Chinese territorial integrity and sovereignty, “People’s War,” and a prudent approach to a militarily superior American foe. NIE 13-3-67 put this succinctly:

Although the threat of force and its actual use beyond China’s borders are significant elements in Peking’s outlook, Chinese military strategy places primary emphasis on defense. With the possible exception of their nuclear/missile activities, we do not see in train the general programs, the development or deployment of forces, or the doctrinal discussions which would suggest a more forward strategy. At least for the short term, the high-priority nuclear program is probably viewed by the Chinese as primarily for deterrence . . .³⁶

³¹ NIE 2, *Chinese Communist Intervention in Korea*, November 6, 1950 (two weeks before the “Chinese People’s Volunteers” entered the war in force), page 3.

³² NIE 13-54, *op.cit.*, page 2.

³³ SNIE 100-9-58, *Probable Developments in the Taiwan Strait Area*, August 26, 1958, page 2.

³⁴ NIE 13-8-67, *Communist China’s Strategic Weapons Program*, August 3, 1967, page 3.

³⁵ See Robert Accinelli, *Crisis And Commitment: United States Policy toward Taiwan, 1950-1955*, (Chapel Hill, NC: University of North Carolina Press, 1996) and Thomas E. Stolper, *China, Taiwan, and the Offshore Islands: Together with an Implication for Outer Mongolia and Sino-Soviet Relations*, (Armonk, NY: M. E. Sharpe, Inc., 1985).

³⁶ NIE 13-3-67, *Communist China’s Military Policy and Its General Purpose and Air Defense Forces*, April 6, 1967, page 1.

Two SNIEs on China's response and involvement in the Vietnam War and three on the Taiwan Strait Crisis of 1958 make clear the different estimators were certain of their analysis that China would not risk an open confrontation with the United States. In 1966, for example, after the United States Air Force had expanded and intensified its bombing of North Vietnamese targets near Hanoi and Haiphong, ONE was asked to evaluate the prospects for China becoming more actively involved in combat operations. SNIE 13-66 declared: "At present levels of U.S. action against [North Vietnam], we continue to believe that China will not commit its ground or air forces to sustained combat against the U.S. In our view, neither the Chinese nor the North Vietnamese regard the present situation as critical enough to justify outside intervention with its attendant risks of a much wider war, ultimately including the threat of nuclear war . . ." ³⁷ They believed China would continue to be involved in helping North Vietnam resist American military pressure—including the deployment of some support troops—but would not engage as they had done in Korea.

Likewise in the Taiwan Strait situation, the baseline estimate in May 1958 had been that China would "not resort to military action to seize Taiwan, so long as this would involve risk of war with the U.S." ³⁸ It did hold out the possibility that China would take a "more aggressive" approach to the offshore islands. When the PLA artillery units across from Chin-men began shelling the island heavily in late August 1959, the National Security Council requested an Estimate on Chinese Communist intentions. SNIE 100-9-58 reiterated that the actions were intended to test U.S. and "Republic of China" government intentions, but that China's armed forces, while they had the capability to attack the offshore islands, were "probably deterred because of their fear of U.S. intervention." ³⁹

When the PRC upped the ante by declaring it would interdict Nationalist resupply of the Chin-men garrison and would fire on any ships in its territorial waters, another Estimate was prepared. This one, SNIE 100-11-58, hedged a bit, saying the PRC seemed to be displaying a greater willingness to risk war with the United States. It predicted that, should Washington choose to use the U.S. Navy to resupply the island or escort Nationalist shipping into PRC territorial waters, China "would probably attack the U.S. force." However, the estimators reiterated that it still did not appear as though either China or the Soviet Union were preparing for a large-scale conflict. ⁴⁰ President Dwight Eisenhower chose to have the U.S. Navy escort Nationalist resupply ships up to the three-mile limit of PRC territorial waters, while at the same time again threatening nuclear attacks against PRC forces should the war widen, and reopening diplomatic talks with China in Warsaw. In early October, Chinese artillery barrages were lifted for a week to allow resupply without interference, and the crisis gradually wound down. Follow-up SNIEs in late October 1958 and in February 1959 reiterated the point that the Chinese backed down in the face of U.S. resolve to defend the offshore islands.

In retrospect, China's inability to counter either U.S. conventional or nuclear capabilities in the Taiwan Strait, and the clearly limited Soviet willingness to back up its Chinese ally during the crisis (a point also noted in the Estimates) no doubt contributed both to the increase in Sino-Soviet tensions and to China's decision to accelerate its own program to develop strategic weapons. After 1960, that program became the focus of increasing attention for estimators, who produced thirteen Estimates on the subject between 1962 and 1974. Knowledge of the Chinese program was driven largely by increasingly sophisticated intelligence collection programs, particularly satellite imagery, which began to be available in the early 1960s. The nature of those programs—and their continuing relevance to collection and analysis of intelligence today—accounts for the heavy redaction to be found in most of the papers dealing with China's efforts to develop its nuclear program.

³⁷ SNIE 13-66, *Current Chinese Communist Intentions in the Vietnam Situation*, August 4, 1966, page 5.

³⁸ NIE 13-58, *op.cit.*, page 19.

³⁹ SNIE 100-9-58, *op.cit.*, page 5.

⁴⁰ SNIE 100-11-58, September 16, 1958, pages 1-2.

Viewing heavily redacted documents can be a frustrating process and will not yield many unique insights into the nature of either China's nuclear weapons or strategic missile programs. The redacted documents do demonstrate the intense interest and concern that the programs generated in both the United States and the Soviet Union. They also reveal that estimating a country's nuclear capabilities—much less intentions—on the basis of a few photographs and other scarce clues has been an imprecise science from the start. In the first major Estimate on China's strategic weapons program, NIE 13-2-60⁴¹, ONE estimators judged that the first nuclear detonation would most probably occur in 1963, though possibly in 1964 or 1962 depending on the degree of Soviet assistance. On the other hand, SNIE 13-4-64, *The Chances of an Imminent Chinese Communist Nuclear Explosion*, for example, published in late August 1964, noted the apparent readiness of the test site at Lop Nor (now Lop Nur), but saw few indications that a sufficient amount of fissionable material was available for a bomb, and concluded a test was unlikely before the end of the year. The test took place on October 16, 1964.

The speed with which the Chinese nuclear program developed remains a matter of surprise. Two years after its first atmospheric test, China announced it had tested a nuclear weapon aboard a guided missile, and in June 1967, it conducted its first test of a thermonuclear weapon. This impressive progress took place despite significant weakness in the Chinese economy and amid growing chaos in the political system caused by the Cultural Revolution. The apparent insulation of China's strategic weapons programs from the turmoil of the larger society impressed the drafters of NIE 13-8-67, *Communist China's Strategic Weapons Program*, with the sense of determination that lay behind the program. But the speed of its development had left the estimators with "little evidence on Chinese thinking with respect to the role of nuclear weapons in [China's] overall strategy."⁴² They did not appear to believe China was going to attempt to match U.S. or Soviet strategic programs in scale or lethality, and pointed out that substantial technical and logistical problems remained to be resolved. They concluded that the Chinese program "will be limited in scope, and in qualitative and quantitative achievements over the next decade, by the industrial, technological and skilled manpower weaknesses of China."⁴³

Nonetheless, the program was alarming, particularly to the USSR, during a period when Chinese foreign as well as domestic policy was in an extraordinarily radical phase. The Sino-Soviet dispute deteriorated into open hostility and hatred during the mid-1960s, and finally into armed conflict in 1969, when Chinese and Soviet troops fought pitched battles at several places along their border. NIE 11/13-69, *The USSR and China*, speculated that the Soviet leadership showed signs of thinking about and preparing for a military showdown with China, one goal of which might be "using their air superiority to knock out Chinese nuclear and missile installations, while blocking Chinese retaliatory attacks on the ground with their own theater forces."⁴⁴ The estimators viewed that as being unlikely to achieve Moscow's goals, and as having extremely grave consequences, but could not rule out the possibility. In the end, cooler heads prevailed and the dispute eased somewhat, but the importance of China's strategic weapons—and also their vulnerability—was a key factor in U.S. strategic assessments of China that followed.

By 1974, the new NIO system had produced an Estimate that had somewhat firmer judgments about both the intentions and the scope of China's strategic programs. The program was judged to have slowed—owing to political, economic and technical constraints—and was aimed at developing a "token nuclear capability to strike the USSR west of the Urals and the continental U.S."⁴⁵ Rather than being a headlong rush to develop strategic weapons at all costs, the programs were now

⁴¹ NIE 13-2-60, *The Chinese Communist Atomic Energy Program*, 13 December 1969, page 3.

⁴² NIE 13-8-67, *op.cit.*, page 3.

⁴³ *Ibid.*, page 13.

⁴⁴ NIE 11/13-69, *The USSR and China*, August 12, 1969, page 7.

⁴⁵ NIE 13-8-74, *China's Strategic Attack Programs*, page 3.

considered to reflect both the domestic political realities of a chastened military (in the wake of the Lin Biao purges), and a less alarmed perception of their international situation, both in terms of a reduced threat from the USSR as well as improved ties to the United States. China was judged to have about 130 missiles and bombers capable of carrying nuclear weapons, and was expected to have as many as six intercontinental ballistic missiles capable of targeting the United States by the end of the decade, along with some submarine-launched missiles.⁴⁶

China's military capabilities, including its strategic weapons programs, remain a topic of intense interest to U.S. Government policymakers. In some ways, little in the strategic relationship between China and the United States has changed in the nearly 30 years since the last Estimate in this collection was written. China maintains a small but credible nuclear force invulnerable to a first strike, has a full array of missiles capable of hitting U.S. bases or allies in East Asia, and a few weapons with sufficient range to strike the continental United States. The nature of the U.S.-China relationship has undergone fundamental changes for the better, largely because of the changes tracked through these Estimates in China's foreign policy. Few would argue, however, that it would make sense to ease or discontinue efforts to understand the People's Liberation Army and its conventional and strategic capabilities.

Sino-Soviet Relations in American Eyes

From the earliest papers in this collection, the close affiliation between the Communist Party of China and the party-government of the Soviet Union was taken for granted, and was deemed to be inimical to American interests. ORE 45-48, looking at the perilous position of the Nationalist Government of Chiang Kai-shek in July 1948, judged that a Nationalist collapse and replacement by a Chinese Communist Party "under Soviet influence if not under Soviet control," was the "worst prospect," but one increasingly likely.⁴⁷ Six months later, after Communist armies had defeated the Nationalists in Jinan, Jinzhou, Shenyang and other key cities, the estimators knew the outcome was no longer in doubt: "There are no effective Nationalist forces" capable of sustained resistance, they judged. As for the Communist Party of China,

It shares with the USSR a common ideology, a common political organization, common strategies and techniques, and at present, a common goal. The Chinese Communist Party has never publicly deviated from the Soviet Party line, has never publicly criticized any Soviet action or representative, and has never publicly given any indication whatsoever that it could be oriented away from the USSR and toward the United States. It is certain that the Chinese Communist Party *has been and is an instrument of Soviet policy*.

There was "no chance of a split," at least for the present.⁴⁸

The equation of Chinese and Soviet systems, policies and interests was fully justified in the wake of the establishment of the People's Republic in 1949. Beijing made its allegiance to Moscow perfectly clear in its political structure and practices, as well as its policies. The Treaty of Friendship, Alliance and Mutual Assistance signed in February 1950 linked the two countries in what looked to be a strong defense pact. China's intervention in the Korean War in 1950 was assumed to be an example of doing Moscow's bidding.

⁴⁶ *Ibid.*, There was some dispute within the intelligence community on the numbers, with both the Navy and Air Force taking footnotes to the quantitative estimate of China's future weapons development.

⁴⁷ ORE 45-48, *The Current Situation in China*, July 22, 1948, page 2.

⁴⁸ ORE 77-48, *Chinese Communist Capabilities for Control of All China*, December 12, 1948, pages 3, 8, emphasis added.

Nonetheless, watching for a split or strain in what was perceived to be a critical relationship became a consistent theme of estimators looking at both the PRC and the Soviet Bloc as a whole. They shared this interest with academic observers as well. With the benefit of hindsight, it is tempting to compare them, to see who, if anyone, “got it right” first. That is not a particularly fruitful exercise. As early as 1952, the drafters of NIE 58, *Relations Between the Chinese Communist Regime and the USSR*, identified areas to watch for possible strain in relations, including efforts by the USSR to intensify its control over China, military and economic assistance, border demarcation issues, relations with other Communist movements in Asia, and Mao’s ideological role in the overall Communist movement. They concluded, however, that the mutual interests of the two countries and parties—and particularly the shared goal of eliminating American influence in Asia—would outweigh factors that might drive them apart.⁴⁹ Academic experts, writing slightly later, drew similar conclusions.⁵⁰

The strains began in 1956, with Nikita Khrushchev’s denunciation of Stalin at the 20th Congress of the Communist Party of the Soviet Union in February (which the Chinese resented), grew with Soviet contempt for Mao’s decision to form “communes” during the Great Leap Forward in 1958, and reached a serious stage with Moscow’s reluctance to back China during the 1958 Quemoy-Matsu crisis, and with Khrushchev’s efforts to develop a closer relationship with Washington. But the strains remained hidden beneath a continuing patina of socialist solidarity for more than a year, only breaking into open polemics in April 1960.⁵¹ In August, NIE 100-3-60, *Sino-Soviet Relations*, noted a “sharp increase in discord,” between the “two voices of authority” within the Communist movement. The paper thoroughly examined all aspects of the increasingly complex Sino-Soviet relationship, and concluded: “We believe the cohesive forces in the Sino-Soviet relationship are stronger than the divisive forces and are likely to remain so throughout the [five-year] period of this estimate, at least.” Nonetheless, while an open break was unlikely, so was a fundamental reconciliation of their increasingly divergent views.⁵²

In November 1960, Moscow convened a major international conference of communist parties, in hopes of restoring a semblance of discipline within the movement. But the long and contentious meeting, which ended up merely exacerbating the split between the Chinese and Soviet parties, did not result in an open break. An Estimate done the following year, NIE 10-61, *Authority and Control in the Communist Movement*, summed up the increasingly tattered state of the movement, but did not alter the judgment of the previous year that the Sino-Soviet dispute would persist but would not necessarily worsen. And indeed, after the removal of Khrushchev in 1964, Soviet leaders did appear to be trying to patch up the relationship with China. But everyone misjudged Mao and his ability to impose his views on Chinese policy, including its foreign policy. In his increasingly sharp disputes with his domestic adversaries, Mao used accusations of support for Soviet “revisionism” to

⁴⁹ See NIE 58, *Relations Between the Chinese Communist Regime and the USSR: Their Present Character and Probable Future Course*, September 10, 1952, pages 2-5.

⁵⁰ See, for example, Howard L. Boorman, Alexander Eckstein, Philip E. Mosely, and Benjamin Schwartz, *Moscow-Peking Axis: Strengths and Strains*, (New York: Harper & Brothers Publishers, 1957); W. W. Rostow, *The Prospects for Communist China*, (Cambridge, MA: Technology Press of the Massachusetts Institute of Technology, 1954), particularly chapter 4.

⁵¹ For an excellent summary of the entire range of CIA analysis of the Sino-Soviet split, including some of the estimates included in this collection, see Harold P. Ford, “Calling the Sino-Soviet Split,” in *Studies in Intelligence*, Winter 1998-1999, available at http://www.cia.gov/csi/studies/winter98_99/art05.html.

⁵² NIE 100-3-60, *Sino-Soviet Relations*, August 9, 1960, page 14. Some academic studies during the period did see a more direct tie between domestic politics and the Sino-Soviet rift. See, for example, Donald S. Zagoria, *The Sino-Soviet Conflict: 1956-1961* (Princeton: Princeton University Press, 1962), William E. Griffith, *The Sino-Soviet Rift* (Cambridge, MA: The MIT Press, 1964), and David Floyd, *Mao Against Khrushchev: A Short History of the Sino-Soviet Conflict* (New York: Praeger, 1964).

undermine Liu Shaoqi, Deng Xiaoping and others, and attacks on the Soviet Union became even more venomous.

By 1966, ONE was ahead of the curve in understanding the fact that the volatility of China's domestic politics would also affect its foreign policy. "Sino-Soviet relations will continue to deteriorate so long as the Mao Tse-tung – Lin Piao leadership group retains authority," the estimators concluded in an overview of the bilateral relationship that year. While the estimators still thought an open break in state relations was unlikely, they stated

...we cannot completely exclude a sudden explosion of the dispute into a new and more virulent form. . . . If China's power began to give punch to its national assertiveness, serious trouble could develop, particularly over the frontiers.⁵³

Three years later, clashes along the Sino-Soviet border in Heilongjiang and Xinjiang took the relationship to its lowest state, and estimators observed that it was "reasonable to ask whether a major Sino-Soviet war could break out in the near future." Again, with a balanced perspective on the interests of both sides and the seriously damaging repercussions of a deepening of the conflict, they concluded that a war would not be initiated by China, and that the Soviet Union might consider a preemptive strike against China's strategic weapons facilities but probably would decide against it.⁵⁴ As to whether the antagonistic state of relations between the USSR and China might induce either to alter policies toward Washington, the Estimate was downbeat. Moscow might be "accommodating on minor issues . . . We are not suggesting that the Soviets presently contemplate any sacrifice of essential positions—e.g. the division of Germany and the legitimacy of a Soviet sphere in Eastern Europe. Even less likely is a major revision of China's anti-U.S. stance."⁵⁵ On September 11, 1969, Soviet Premier Alexei Kosygin stopped off in Beijing on his way back from Ho Chi Minh's funeral in Hanoi and conferred with Premier Zhou Enlai at the airport about the prospect of re-opening negotiations to resolve the border dispute. Zhou was non-committal, and reportedly warned Kosygin against a Soviet strike against Chinese nuclear bases. In late September, China exploded two thermonuclear devices at Lop Nur, one of them estimated to be more than three megatons. On October 7, China agreed to resume border negotiations, thereby easing the crisis considerably.⁵⁶

The final Sino-Soviet Estimate in this collection was done in 1973 and concluded that

The Sino-Soviet relationship, while it will continue to move through varying degrees of tension, is more likely to move toward lessened tension than toward war.

The paper looked at the prospects for and implications of both possibilities, and noted that a continuation of the troubled peace, with neither war nor reconciliation, seemed the most likely prospect. It again cautioned against any expectation that the West might be able to benefit from either an improvement or deterioration of the Sino-Soviet relationship.⁵⁷

⁵³ NIE 11/12-66, *The Outlook for Sino-Soviet Relations*, December 1, 1966, pages 1-2.

⁵⁴ NIE 11/13-69, *op. cit.*, pages 1, 8.

⁵⁵ *Ibid.*, page 10. See Patrick E. Tyler, *A Great Wall: Six Presidents and China—An Investigative History*, (New York: Public Affairs Press, 1999), pages 61-69 for an interesting, if speculative account of how the Sino-Soviet border clashes affected the Nixon Administration's strategic thinking with respect to China, the USSR, and North Vietnam.

⁵⁶ China's Foreign Ministry account of the Zhou-Kosygin meeting can be found at <http://www.fmprc.gov.cn/eng/ziliao/3602/3604/t18005.htm>; Chinese nuclear test information is available at <http://fas.org/nuke/guide/china/nuke/tests.htm>.

⁵⁷ NIE 11/13/6-73, *Possible Changes in the Sino-Soviet Relationship*, October 25, 1973.

Overall, the papers on Sino-Soviet relations represent sound, cautious examination of complex issues, characteristic of inter-bureaucratic analysis in their nuanced evaluations of scenarios and possibilities, and their propensity to predict a continuation of the status quo. In many cases, that approach correctly predicted the outcome. In all cases, the Estimates presented the available evidence in useful summaries that enabled policy-level readers to understand the background of the evolving relationship. They fell short, in my view, in three areas: 1) over-estimating the importance of ideological solidarity and other centripetal forces within the Communist Bloc—at least in the 1950s; 2) having insufficient evidence of the impact of domestic politics on foreign policy in China; and 3) not being able (authorized) to evaluate fully the impact of U.S. policy choices on the foreign affairs decisions of the People's Republic of China or the Soviet Union. The last consideration is no fault of the estimators but was and still is a function of the need to maintain strict boundaries between intelligence analysis and policymaking.

The PRC-ROC-US Triangle

For the last of the three reasons cited above, the papers on the complex relationship among the United States, the People's Republic of China, and the Republic of China (ROC) are the least illuminating of the collection. For 25 of the 28 years covered by these Estimates, the United States and China were locked in an implacably hostile relationship, in which no change was sought or expected. "The Chinese Communists are following a course of action designed to destroy U.S. strategic interests in the Far East and to reduce the worldwide power position of the U.S. and its allies," asserted NIE 10 in 1951,⁵⁸ and that judgment remained remarkably consistent for the ensuing two decades. Whether focused on Southeast Asia, Korea/Japan, or the Taiwan issue, Communist China's hostility to the United States, its interests and allies was taken for granted by ONE estimators. It was also axiomatic that China's strategic goal was to become the most powerful force in Asia. According to NIE 13-60: "A basic tenet of Communist China's foreign policy—to establish Chinese hegemony in the Far East—almost certainly will not change appreciably [for the next five years]."⁵⁹ NIE 13-9-65 took the case even further:

For both ideological and nationalistic reasons, China regards the U.S. as its primary enemy. Peiping's immediate security interests and the short reach of its military power lead it to concentrate its main foreign policy efforts on undermining the US position in the Far East.⁶⁰

Even in the wake of the obvious failures of China's foreign policy during the Cultural Revolution, NIE 13-69 (an excellent summary of 20 years of Chinese foreign policy) would insist, "Almost all Chinese—whether in Peking or on Taiwan—would agree that China's rightful position is one of political dominance on the Asian mainland, and ultimately throughout East and Southeast Asia."⁶¹

One could find fault with this kind of approach, on the grounds that it appears somewhat ideological—Cold War-like—and is seldom backed up with substantiating quotes from Chinese leaders about their own strategic goals. But the available facts suggest that the Estimates were well-grounded in reality. It may seem like a distant and strange memory today, but the Cold War was real in the 1950s and 1960s. Chinese official statements and rhetoric about the United States during that period are remarkably negative, shrill, and hostile. Nothing in them could be seen as accommodating or even vaguely desirous of improving bilateral relations. Estimative analysis of China's foreign policy aspirations, in fact, seems generally understated, or at least low-key. And the

⁵⁸ NIE 10, *op.cit.*, page 2.

⁵⁹ NIE 13-60, *op.cit.*, page 2.

⁶⁰ NIE 13-9-65, *Communist China's Foreign Policy*, May 5, 1965, page 1.

⁶¹ NIE 13-69, *Communist China and Asia*, March 6, 1969, pages 6-7.

standards of objectivity, even on subjects relevant to American interest, were quite high in the papers in this collection.

That is particularly true with regard to the Taiwan issue. Even though the subject was not often raised, the papers in this collection are crisp and objective, and were not without controversy when they were written. The early ORE papers are particularly intriguing, especially when read in the context of the times—when China's civil war and American involvement in it were coming to an unhappy end, when controversy over China policy was swirling between the Departments of Defense and State, and between the executive and legislative branches, when anti-Communism was rising to a fever pitch in the United States. In July 1948, just after Congress had passed the China Aid Act, appropriating an additional \$125 million for Chiang Kai-shek's government to use to procure additional military equipment, ORE 45-48, *The Current Situation in China*, delivered bleak news:

The position of the current Nationalist Government is so precarious that its fall may occur at any time ... Even with the current US aid program, the present Nationalist Government has little prospect of reversing or even checking these trends of disintegration. The power and prestige of Chiang Kai-shek is steadily weakening because of the unsuccessful prosecution of the war and his apparent unwillingness and inability to accomplish positive reforms.⁶²

The paper probably played a role in buttressing those in the State Department, including Secretary George Marshall and head of Policy Planning George Kennan, who were arguing for limiting the U.S. commitment of more aid to Chiang Kai-shek.⁶³ It certainly was not in agreement with U.S. military estimates that more effective supply of American arms would enable the Nationalists to hold out.

In early December 1948, on the eve of a visit to the United States by Madame Chiang Kai-shek to plead for more military and economic aid, ORE 77-48 *Chinese Communist Capabilities*, predicted that Nationalist resistance would collapse within a matter of months. Once the collapse had been completed, Communist forces would mop up all further local resistance "at leisure" and proceed to establish a nominal coalition government, dominated entirely by the Communist Party. The paper credited the Communist Party with effective military and logistical work, noted that it was pursuing "moderate" land reform policies in areas it already controlled, and faulted the Nationalist Government for its inability to undertake any meaningful economic or political reform.⁶⁴ Comparable objectivity on the part of State Department desk officers would draw accusations from some members of Congress that they were a "Red cell" of Communist sympathizers within the Far Eastern Bureau. The controversy eventually cost several China experts within the State Department their jobs and reputations.⁶⁵

In selecting the Estimates for this collection, the editors chose not to include those that dealt with the government of the Republic of China (GRC) after Chiang Kai-shek set it up on Taiwan in 1949. The Estimates on the Taiwan Strait crises of the 1950s were included because of their attention to Peiping's role. Hopefully, those Estimates dealing with the Nationalists post-1949 will be included in later collections. In the Estimates on the Strait crises we have here, ONE analysts maintained a scrupulously objective approach to the issues at hand. NIE 100-9-58, *Probable Developments in the Taiwan Strait Area*—disseminated during the high point of the crisis in August 1958—speculated that the renewed attacks on the offshore islands were in part motivated by frustration on the part of

⁶² ORE 45-48 *The Current Situation in China*, published July 22, 1948.

⁶³ See *Foreign Relations of the United States, 1948, Vol. VII, The Far East: China*, pages 118-154.

⁶⁴ ORE 77-48, *Chinese Communist Capabilities for Control of All China*, December 10, 1948.

⁶⁵ Tang Tsou, *America's Failure in China, 1941-50* (Chicago: University of Chicago Press, 1963), page 466.

"Chinese Communist" leaders that their efforts have "failed to visibly advance them toward their goal of ending the existence of the GRC [Government of the Republic of China]," nor have they prevented "wider international acceptance of a *de facto* 'two China' situation," or displaced the GRC at the United Nations. Nationalist objectives were equally frankly described as maintaining GRC prestige, keeping alive hope of returning to the Mainland, sustaining public morale, gaining more U.S. aid and a firmer commitment to Taiwan's defense and—for some unnamed officials—embroiling the United States in a war with Communist China.⁶⁶ The Estimate concluded with what came very close to being policy recommendations, judging that "lesser measures" by the United States, such as deploying more ships, providing Taiwan with more weapons, or issuing "warnings in general terms" would not deter the Chinese from their pressure campaign against the offshore islands.

In the end, the U.S. commitment to Taiwan was demonstrated conclusively to both Taiwan and the mainland, despite the Eisenhower Administration's obvious reluctance to be drawn into a costly war over indefensible and strategically valueless offshore islands. And despite the fact that Moscow made explicit threats to Washington to retaliate with nuclear weapons should the United States use them against China—Khrushchev's letter of September 19—its willingness to come to Beijing's aid was perceived to be hollow and conditional both by the United States and by China.

Although the subject of Taiwan in the relationship between the PRC and the United States would become a central issue in the negotiations that attended the visit of President Richard Nixon to China in 1972 (and remains the most sensitive issue in bilateral relations to this day), the topic never gets more than a passing notice in other Estimates in this collection. This is in some ways a result of the enhanced capabilities of policymakers, who no longer felt obligated to buttress their own appraisals of China's policies toward the United States with intelligence community papers. And it is in some ways a reflection of the growth in overall U.S.-China relations. No longer distant, dimly-perceived antagonists, Chinese leaders, in the mid-1970s, became frequent interlocutors of American presidents, national security advisers and secretaries of state, who began to understand their opinions, goals and intentions—so they believed—better than a committee made up of cautious generalists in the CIA headquarters.

Nevertheless, this collection reminds us once again of the value of Estimates for a long-range understanding of China and its policies. Combining historical appraisals and summaries with current events and a willingness to speculate about future contingencies, Estimates at their best were critical roadmaps for important issues confronting policymakers. They provided context, background, trends, predictions, and the observations and judgments of seasoned experts on the vital issues of the day. They offered important opportunities for members of the IC to focus their attention and pool their wisdom on issues of policy significance. And in retrospect, they make for fascinating reading for those who want to know more about intelligence analysis, the U.S. policy process, the People's Republic of China, and the early years of the U.S.-China relationship. I commend and thank the National Intelligence Council and the editors and declassification experts of CIA's Information Management Services for making this unique collection of papers available to the general public.

⁶⁶ SNIE 100-9-58, *op.cit.*, pages 5-6.

绪论

苏葆立

作者为职业情报分析家,从事情报分析工作长达二十四年,1989年至1994年,在国家情报委员会担任主管东亚事务的副国家情报官,1997年至1998年,担任主管东亚事务的国家情报官,1994年至1997年,在国家安全委员会担任亚洲事务部主任.曾著有*天安门事件之后:有关美中关系的政治,1989-2000*,由布鲁金斯学会2003年出版.

本汇编收录了有关中国的销密国家情报评估与特别国家情报评估共三十七份,包括存有七十一份相关文件的只读光盘一张.为研究美国政府情报工作与政策提供了一份备受欢迎的补充资料.中央情报局的情报研究中心所编纂的其他优秀汇编,如*观熊:中央情报局对苏联的分析文章(2003)*,*中央情报局对苏联的分析,1947-1991(2001)*,*冷战结束之际:*

美国有关苏联与东欧的情报,1989-91(1999),和*中央情报局对苏联的评估:成绩相对于指责(1996)*(注1),与本集一道将为对情报作业程序,任务执行情况,与其对政策所产生的影响感兴趣的历史学家和政治学家提供丰富的原始资料.这些文件在美国政府领导人与官员制定有关中国国内战争时期的中国共产党以及1949年后成立的和在毛泽东(注2)领导下的中华人民共和国政府的政策过程中起到了至关重要的作用.

本人认为,同样重要的是,这些文件作为原始资料对于我们目前了解中华人民共和国,包括其政治,经济,和外交政策,所进行的努力具有重要意义.有关苏联的汇编是对垮掉了的苏联和已结束的冷战进行回顾,而这些文件却体现了对一个现实存在的国家正在成形的思维,这个国家正在对美国的利益和安全构成挑战.在某种意义上,这些文件构成一件在制品的部分基石,有关五十年前共产党领导层问题的文件仍然有助于了解当今北京领导层更替与权力交接问题.有关五十年代台湾海峡危机的研究在当今紧张的海峡两岸关系中有其针对性,而美国则被卷入中国内战余留下来的问题之中.中国卷入朝鲜战争的回声在目前所进行的旨在解决美国与北韩因后者的核计划而产生紧张关系的六方会谈可以听得到.中国的经济目前是最强大的经济之一,它很明显是经过艰苦的工业化和农业现代化后而产生的,本汇编将对其进行探讨.

有关评估的问题

在对这些文件与其重要意义作详细的阐述之前,必须指出,除了一小部分的文件外,所有其他被收录到本汇编的文件当初是以国家情报评估或特别国家情报评估的形式印行的.评估不同于其他情报报告,这些报告注重现况情报,而评估则着眼于未来,美国现代情报系统是1947通过的国家安全法的产物,而情报评估在美国现代情报系统建立的最初时期就被认为是中央情报主任,经过美国政府其他情报机构的同意,所运用的对国家有重要影响的具体问题与国家危机情况之最佳分析,正如中央情报主任沃尔特贝德儿史密斯在1950年举行的情报咨询委员会的一次会议上所说,

一份国家情报评估应该由一个机构统一汇集和编制,而这个机构的客观性和无偏见性应该是毋庸置疑的,这份评估最终由各情报机构最高领导官员作出集体论断后通过...它应该在所有政府部门作为可以获得的最佳评估,而且可能是最有权权威性的评估而受到承认与尊敬.在该条法律下,中央情报局有明确的责任和义务汇集和制作协调一致和具有权威性的评估(注3).

因此,起草评估的责任短暂地交给中央情报局的研究与评估办公室后,于1950年十一月,转交给中央情报局的国家评估办公室,该办公室充分履行其评估任务,准备了一千五百余份情报评估,直到它在1973年十一月解散为止(注4).该办公室是一个小规模机构,设有由五到十二名高级专家组成的国家评估委员会,并雇用二十五到三十名具有地区与职务专长的专业人员以及后勤职工(注5).

总统,国家安全委员会成员,美国情报部(下面所讨论的国家对外情报部的前身)任何成员,或国家评估办公室领导本身可以要求(下达任务)进行评估.评估过程平均为六到八周,国家评估办公室完成评估后,由中央情报主任提交美国情报部每周一次的会议取得最后同意.届时,如个别部门对评估里的论断提出具体异议,将对其进行讨论,并记录和记载于最后的草稿中.评估的最后稿件由国家评估办公室,根据机密级别,评估议题,以及针对性传送到美国政府内的一百至三百个人员或办公室.许多评估经过发表后,还接受正式的复核以便情报搜集人员对“情报缺欠”或信息不足加以纠正(注6).

为了更好地满足对情报的需求和更好地使情报界人员(注7)参加起草评估性的情报,国家评估办公室于1973年由国家情报官接替.1979年成立的国家情报委员会(注8)由这批具有实质性知识的专家组成.本集汇编中由国家情报官系统主持下编制的只有两份文件,而全部汇编中只有三份文件是由国家情报官系统主持下编制的,国家对外情报部目前负有对国家情报评估予以最后批准的责任,该部由中央情报主任或副主任主持,并由美国政府主要情报搜集与分析部门的领导人组成(注9).

情报评估至今仍引起争论.这些评估虽然有其争议性,但它们未必是外交决策过程中的最关键性的组成部分,再者,正如薛曼肯特说,当你对谋事情没有准确的了解或没有把握时,你会对它进行评估.在讨论重大或复杂的议题时,正式的情报评估有必要在臆测的范畴内进行钻研,这是一个繁密的过程,在这过程中,从不可能的事情中筛选出可能的事情,再从可能的事

情中筛选出很可能的事情,以及对重要难题提供答案,而这答案是由于缺乏完整的信息而有一定程度的不确定性。

本人任职于美国政府长达二十四年,既是情报评估的生产者,又是情报评估的消费者(注10)。本人可以证实这些评估在决策过程中发挥多方面的作用。若评估是因为主要决策者具体要求或针对正在发生的危机而编写的,则它们很可能被兴致勃勃地阅读,而且成为危机处理与决策过程中的重要因素。若评估非常专业化和涉及大规模杀伤性武器,则将被仔细阅读,而且将被纳入长期规划过程中,这对军事情报消费者而言,更是如此。若评估是对国内政治,经济发展,甚至外交政策的综述,则它们不太可能被主要决策者阅读,而是非常有助于对中级官员和情报界其他人员就一般政策问题和决策制定者面临的(始终是逼近的)潜在问题教育。

总之,肯特给为评估作准备的人员的忠告仍然是正确的。他说,一份评估

...应该在我们评估权限内有其针对性,尤其应该具有可靠性。如果我们作决策的主人,无视我们的知识与智慧,他如此做并不是因为我们的工作不准确,不完整,或者有明显的偏见,而是因为他需要更注意别人的话。要让他因为决定听从别人的话而感到不安,而且是十足的不安(注11)。

本人认为,同样重要的是,国家情报评估是记录文件,为建制史,也许亦为国家历史,作出贡献。现况情报分析很快就消失,而且比昨天的报纸消失的更彻底。中程分析往往是因为错误才被记住。但是评估记载着重要论断,代表着数百名情报分析家的集体学识,而且准备经受时间的考验,在大多数的情况下,经得住两年到五年的时间考验。在某种意义上,它们是为历史学家与决策者编写的。

国内政治—毛年代

在考虑如何将本汇编所收录的大量的分析文献进行划分和予以评论,本人认为应该采取某些评估本身的总体结构,尤其是综述性的评估,如编号为 NIE13-58 和 NIE13-60,标题均为中共的评估。这样做会很有助益。这些评估通常所采用的分析方式是先评论党内领导状况,进而评论经济事务,包括造成群众不满的根源,军事力量,外交政策,最后以对未来展望作结论。本人将按照这个模式,将情报评估员对中国国内政治环境,经济发展,军事力量,以及最后对其外交事务,尤其是中苏关系和台湾问题,所作的评估加以讨论。

非从事情报事业的人员经常认为情报分析家有独特的信息来源,如机密资料,秘密报告等。因此认为他们的评估应该是更有见解的,准确的,和有预测性的。换言之,应该是更为确实的。从本汇编所收录的文件看,几乎可以肯定,相对于学者和记者,情报分析家对中国共产党的内部运作进行了解时所占的优势并不多,至少在中华人民共和国建立之初是如此。从 1951年编制的首篇有关 1949 年后的中共之评估,即编号为 NIE10,题为中共的评估

开始,评估员就斩钉截铁地作出有关领导层的论断,而这论断在以后十年内没有动摇,论断称:

在可见的未来,中共政权很有可能对中国大陆维持绝对的控制权.虽然在中国对共产政权的确存在许多不满的情绪,但这政权享有一定程度的支持或默认,而且正在采取强硬的治安管理措施.目前没有迹象显示该共产政权内有严重的分裂(注12).

三年以后,一份于1954年六月发行,编号为 NIE13-54,题为 *中共到1957年的潜在权力* 的更为全面之评估称,虽然在二月举行的一次中央委员会全体会议上有所迹象显示毛泽东领导的领导班子里存在“分歧与对抗”,但没有“明确建立起来的派系,”而领导层被描述为“具有凝聚力和稳定性.”事实上,该全会主导了党的第一次重大清算,清算的对象是政治局委员高岗和组织部长饶漱石,然而有关消息一年以后才为外人所知.

早期缺乏铁一般消息来源并不稀奇.美国与中国当时没有正式的外交关系,商业制裁将商业来往减少到最低限度,朝鲜战争以后极端的敌视意识形态贯穿着双边关系,台湾方面的信息不被认为准确或可靠,而且中华人民共和国本身组织了非常有效的宣传与新闻管制作业以便严守有关内部政治和政策讨论的机密.泰伟斯在1979年对文化革命期间公布的党的文献与其他资料进行广泛研究后,对有关高岗的清算的原因和结果仍表示费解(注13).

到了1960年,有更多证据表明对党的高层存在不满的情绪,编号为 NIE13-60 的评估认为在1959年对国防部长彭德怀和其他人员展开的清算“很有可能是因为他们置疑党的政策(注14).”但评估的总体论断是,由于毛拥有权力和支持根基,他的意见在党委会占优势,“在他有生之年党派主义不会成为严重的问题(注15).”三年以后,另一份编号为 NIE13-63,题为 *中共的问题与前景* 的评估称,虽然该政权的经济政策和苏联停止援助造成“严重”的损害和进一步削弱群众对它的支持,毛和从三十年代开始一直领导党的核心分子一道仍保持“最终权力.”虽然评估员对派别主义会成为问题保持怀疑的态度,但评估对毛与他的同僚表示基于“寿命估算”的关注,因为他们大部分已经六十多岁,有的年龄更大(注16).

题为 *中共的政治问题与前景*,编号为 NIE13-7-65 的评估代表某种程度的转折点,它是本汇编中最令人瞩目的文件.该文件发表极为悲观的看法,重点讨论了有关政治与经济失策的证据,低层党员士气低落,在“社会主义教育运动”中与知识分子的紧张关系加剧和对知识分子加大攻击,以及“日益僵化和独断的”最高领导层.毛被描述为“不安和多疑,”对批评敏感,和越来越把个人忠诚置于一切之上.他“倾向于回想当年担游击队队长的日子,以便寻求解决当今问题的办法.”评估的作者相信这种作法会产生更不切实际的政策.然而,这份评估又一次准确地表示,派别主义虽然可能存在,但还没有严重到“打破领导人长期运作的纪律(注17).”

九个月以后,“文化大革命”如火如荼地展开,这场由毛煽动发起的运动是针对他的指定接班人刘少奇和他的同僚而展开的,他们被指控不忠,试图恢复资本主义,和实行党派主义.继而发生的是长达十年的混乱和动乱,这场政治斗争给中国社会稳定,政治制度,经济,和外交造成巨大的损害.起初研究中国的学生与分析家对这些明显的自我毁灭性的政策和行动发生

意见不和. 两名中央情报局的高级分析家于1967-68年在《中国季刊》发表文章, 对这场闹哄哄而日益激烈的国内政治斗争发表截然不同的意见(注18).

文化革命造成的一个意外的结果是, 许多鲜为人知的文献资料被刊登在中国各报刊. 为了谴责和清算党的元老提供依据, 红卫兵与文革小组的激进分子发表言论, 攻讦性报道, 文章, 和其他相当程度上阐明党史早期的资料. 为了跟上事态的发展, 国外广播资讯服务处, 联合刊物研究服务处, 和香港领事馆的中国大陆报刊查阅处翻译和发行特辑, 这些特辑成为情报分析家与学术界专家的宝库(注19). 在某些方面, 专家们所掌握的信息是绰绰有余的.

不过评估工作并不因此变得更加容易. 题为《中国文化革命》, 编号为 NIE13-7-67 的评估采取仔细和平衡的态度对互相矛盾的信息进行了解. 它对预测结果进程中固有的未知因素与风险直言不讳地说: “中国的政治危机继续进展, 它不会即将结束, 在它可能产生的几种结果中, 没有一个结果比其他的结果有更明显的可能性. (注20).” 该文件作出有预言性的评估, 表示国内战争发生或国家分裂成不同地区的可能性不大, 认为军中的一个小心谨慎的集团会倾向于和后毛时代的温和派政治领导人寻找共同点. 并对运动的方向作出慎重而适当的结论.

局势很可能在更偏激的措施和巩固或撤退的时段间摇摆不定. 我们不能准确地预测所要采取的策略或在最高层的受害者. 但我们有相当的把握认为只要毛能够掌握政治指挥权, 中国的局势很可能会紧张和基本上不稳定(注21).

评估员预料毛以后, 会有“混乱和有争议的”为接替权力而展开的斗争. 然后毛的“失去信用”的政治与经济政策会逐渐被放弃. 军方和文人领导将试图寻找共同点和恢复可能有助于“取得适度经济增长”的政策(注22). 评估起草者并不知道毛会再活九年.

不幸的是, 本汇编只提供若干对中国领导层情况进行有说服力分析的例子. 编号为 NIE13-9-68 的评估在衡量文化革命对毛和他的追随者所造成的影响时, 再次研究毛所遭到的反对以及在中国的权力工具. 题为《中国军事政策与多功能部队》, 编号为 NIE13-3-72 的评估相当详尽地讨论了国防部长林彪被清算后军队内部的政治动乱. 林彪是后来被控企图向毛策划政变(注23). 但那精心编造的故事至今仍然是个谜. 在进行评估时故事还没有编造完毕. 评估是对人民解放军的军事力量与能力进行更深入的讨论. 因此这些文件对文化革命后期没有进行讨论. 而造成这种情况的部分原因可能是刚成立的国家情报员系统(于1973年成立)还没有制定和国家情报办公室可以相提并论的研究或分析中国国内政治局势的计划. 也许在美中友谊与关系正在发展的时期, 没有必要对中国混乱的政治局势作出悲观的评估. 可是说也奇怪, 毛时代的故事似乎还没有结束.

然而所取得的成绩却给人深刻的印象. 当然事后总是从评估性的资料中找到错误和失误. 但评估的基本论点始终是正确的. 在那段时期, 国家情报评估的起草者了解中国历史, 对苏联式的政治局体制有深刻的了解, 并且掌握日益增加的有关北京政府人士与政策的信息. 他们的论断是非常笼统, 主要讨论“中共”(注24)对美国的利益所造成的威胁, 尤其在亚洲. 但是论断是客观的, 没有受到意识形态的影响, 是平衡的, 至少本人是如此认为. 评估作出的一条更重要的, 始终准确的论断是, 共产党在中国大陆所掌握的权力自1948年以来始终没有受到挑战, 毛也从来没有在党内受到真正的挑战. 他不切实际的经济政策造成大跃进的灾害, 但

国家评估办公室的分析家当初低估了大跃进对经济和社会所造成的影响,毛在意识形态领域中雄心勃勃的计划和宣传导致与苏联分裂,而他猜疑和多疑的性格在文化革命中几乎毁灭了共产党,但他的领导地位从来没有受到怀疑.即使今天,毛的声望在共产党内是不容置疑的.

衡量中国的经济

朝鲜战争停战后,当“中共”作为一个国家存续的可能性被确定时,这集汇编中的文件明确表示要对中国的经济政策与效益进行评估,作为对中国的整体运作与前景进行评估的重要组成部分.早期的评估,如编号为 ORE89-49,题为*关于中共的粮食展望*和编号为 NIE10,题为*中共*的评估,意识色彩浓厚而且显然不准确.这些评估只研究经济问题对政权存续造成的妨碍,甚至警告不要企图利用这些问题暗中破坏新的共产政府.编号为 NIE13-54,题为*中共到1957年的潜在权力*的评估制定人员试图评估和衡量中国的经济效益,并尝试制定让人能够了解的统计标准.但这方面的努力由于中国的经济统计制度发展滞后而受到阻碍.例如,第一个五年计划(1952-57)的对象到1955年才宣布,而且之后还不断地修改.

评估员对当时他们对中国的初步经济计划所能了解的情况进行估计.发现该计划仿效苏联模式,从而作出相应的结论.

对增加工业产量重视,尤其是重工业与交通业,该政权的计划之实现有赖于增加农业产量,同时严格抑制消费,为支持对工业的投入和进行军事项目提供必要的资源.大部分为实现计划所需要的生产资料是从苏联集团的其他国家获得的,以中国向那些国家出口为交换.

评估的起草者充分认识到中国所面临的艰巨任务,认为该政权在重建被国内战争,社会动乱,和数十年管理不善破坏了的经济方面取得重大进展.他们还说,中国严重缺乏经济经营与管理方面的专业人才,过渡集中精力于开销庞大的军工生产,而且人口快速增长,这些将限制中国的增长.然而评估还是作出结论认为在第一个五年计划期间,中国的总产量很可能增加百分之二十到二十五(注25).

下一篇有关中国经济效益的分析文件刊登在编号为NIE13-58,题为*中共*的评估.这份文件附有长达五页的有关第一个五年计划的附件,对中央预算支出进行详细的分析,对主要经济部门的增长率进行评估.评估总体上是乐观的,它谨慎而精细地认定中国有能力实现第二个五年计划所确定的宏伟目标,虽然实现这些目标很困难而且有赖于若干非经济变数.其中最重要的是人口总体增长率与农业生产增长之间的极小的差距.评估在脚注中加以警告说:

这份评估里的数据与分析是基于中共方面的统计,评估对这些统计数据持保留态度.正如对其他集团国家一样,而且是更有所保留,这是由于刚成立的对中共进行搜集统计数据的系统缺乏经验... 中共的统计数据是该政权制定计划的基础,我们相信一般而言是不会被歪曲的(注26).

现在看来,当时评估所作的经济预测是有实质性的错误.中国的经济在以后的两年受到灾难性的挫折,虽然评估里的分析是运用健全的方法和利用现有的数据诚心诚意地对未来效益进行估计,但评估起草者低估了毛对经济计划 and 生产体系的政治干预.虽然他们把统计误差加以考虑,但他们不可能料想到“大跃进”刚开始生产数据就被大规模和故意地扭曲.这方面的失误不仅限于他们,不但西方学术界的专家,而且整个中国经济计划体系显得迷惑和不了解当时中国面临的巨大经济问题.

到1963年,外界加深了对该政权经济痛楚的了解,即使对其背后的政治斗争不清楚.编号为NIE13-63,题为*中共的问题与前景*的评估对大跃进和其所造成的后果进行严厉的评析指出:“过去五年,中共的经济管理严重失当,领导层缺乏经济方面的训练和经验,受狭隘的教条局限,被狂热主义引入歧途(注27).”评估认为中国经济遭受重大损害是因为苏联和中国决裂以后停止向中国提供援助和专业指导(参阅以下讨论).该文件还附有长篇附件对中国在1962年的经济效益进行分析.该分析基于非从中国获得的统计数据和中央情报局的内部估算进行非常笼统的产业评估.它不排除经济继续复苏的可能性,认为该政权如果把注意力集中到改善农业生产和继续“执行比较温和与合理的政策,如果在天气方面有适当的运气,”则可能恢复1957年所取得的总体生产力水平.不过评估也警告说,由于成功和失败之间,犹如薄纸一隔,有关中国经济前景的估计只能是“笼统而暂时性的(注28).”

中国经济问题仍然是以后三年评估的重点.国家评估办公室的分析家发现他们对最坏情况的假设正成为事实.编号为NIE13-5-67,题为*中共的经济展望*暗示对中国继续不能发挥其经济潜力的失望.该评估表示:

今年的经济效益似乎毫无疑问有所下降,不过对下降的幅度不可能进行量化... 自从1960年,北京很少公布有助益的数据.在经济计划暂时被搁置的情况下,重大经济措施很可能推迟到对政治斗争取得某种程度的解决后才出台.

尽管如此,评估研判中国正在努力使基本经济生产免遭文化革命最严重的破坏.经济危机似乎不会即将发生(注29).

国家情报分析汇编没有列举重点经济分析的例子.其中部分原因可能是组织性的,中央情报局情报处于1966年设立经济研究办公室,承担对中国经济进行详细的统计分析,发展先进技术与模式来弥补官方经济统计数据的不足.以及主要通过国家评估办公室以外的其他管道报告其研究结果的任务.另外一个原因是以后十年中国经济情况继续摇晃不定,决策圈的兴趣转移到更迫切的问题,这些问题牵涉到中国的战略性武器计划以及它对苏联与美国的外交政策.

过去二十年,中国取得了惊人的经济“起飞”和重要的国际地位,这些给中国的老百姓带来变化,难以想象当时中国是如何从这些评估所描写的疮痍满目的经济废墟中崛起.值得注意的是中国大部分的人口仍然居住在远离海岸的农村,他们的经济情况可能与这些评估所描绘的状况没有根本的不同.农业生产仍滞后于工业发展,农业富余人口严重阻碍经济发展,农村群众的不满继续对政治领导层构成挑战.这些是评估所描写的事态的重演.虽然中国出现了新的经济管理人员,但一些旧问题仍然存在.

军事挑战与中国战略性武器计划

本汇编所收录的评估中很少没有考虑到人民解放军发展成为一支有效的战斗部队,对美国的利益构成威胁,一些评估甚至进行这方面的专门讨论,人民解放军早期被称为“中国共军.”尽管这些文件表示不同的意识形态领域的关注,,认为中国的武力值得重视与关注的观念在全集中是显而易见的.这些关注以有趣的方式呈现变化.

- 编号为 ORE77-48 的评估在1948年叙述国民党在国内战争遭受令人震惊的战败时,评述道:“中国共军的力量与战术方面的成功是共产党崛起的主要工具,这种情况将继续下去...(注30)”
- 另外一份评估在中国于1950年加入朝鲜战争前夕写道:“我们相信中国共军能够停止联合国部队往北的推进,他们根据可预见的联合国部队的集结,零星地投入部队,他们也能够猛烈攻击迫使联合国部队进一步往南撤退(注31).”
- 编号为 NIE13-54 的评估在1954年写道:“共产政权所享有的内部控制与国际上的权力地位很大程度上有赖于中国军队的潜在权力,而这支军队目前是亚洲国家中最大的部队(注32).”
- 编号为 SNIE100-9-58 评估在1958年的金门和马祖危机期间警告说:“如果只遭到国民党部队的反击,中国共产党人有能力将台湾海峡不让给国民党空军,堵截向外岛的补给,或者攻占这些外岛(注33).”
- 在评析中国在六十年代试验裂变和聚变武器后的战略野心,编号为 NIE13-8-67 的评估写道:“当前的领导人可能相信,如果成功地发展战略性武器,他们的声望就会大大提高,他们在亚洲的领导权与大国地位将增强...中国可能相信能够以核武器攻击美国与其在亚洲的目标可以限制美国在亚洲的军事行动,可以对抗维持在常规武器层面上,因为中国在这方面享有许多优势(注34).”

本汇编里的几篇文件所发表的意见是有关北京政权依赖和投入大量经济资源发展其军队的评估的引申,这些意见认为北京领导人谨防冒险与美国发生直接军事对抗,无论是战略性或常规性对抗,这可能一部分是朝鲜战争的结果,在朝鲜战争中,毛投入大量部队与美国部队进行常规战争,但仍然遭受惨重的伤亡,而且因此产生的结果是不确定的,

即延续至今的充满紧张的停战。这方面的不愿意也可能是因为1954年和1955年发生的金门和马祖危机，危机期间，美国总统艾森豪威尔威胁道，如果中华人民共和国攻击国民党控制的金门或马祖外岛，美国将对大陆目标使用战术性核武器（注35）。最重要的是，北京方面的谨慎源于毛自己的军事学说，该学说强调“人民战争”以保卫中国的领土完整与主权，以及对占军事优势的美国敌军采取慎重的态度。编号为NIE13-3-67的评估扼要地指出：

虽然在中国境外威胁使用和实际使用武力构成北京的观点之组成部分，但中国军事策略的主要重点是防卫。可能除了涉及核武器或导弹的活动外，我们没有看见意味着更有前瞻性的策略的综合计划，兵力发展或部署，或学说方面的讨论。至少在短期内，中国可能视优先发展核计划主要为达成其威慑目的而进行...（注36）。

两份有关中国对越南战争的反应和卷入越战的特别国家情报评估与三份有关 1958 年的台湾海峡危机的特别国家情报评估明确地表示评估员确信他们有关中国不会冒险与美国公开对抗的分析是准确的。比如，在1966年，美国空军扩编和加大对在河内与海防附近的北越目标进行轰炸后，国家评估办公室被要求对中国更积极卷入军事行动的可能性进行评估。编号为 SNIE13-66 的评估称：“就目前美国对北越的军事行动的层次看，我们继续相信中国不会投入其陆军或空军部队与美国持续作战。我们认为，无论是中国或北越都不认为目前局势已到需要外部介入的危急地步，外部介入会带来扩大战争的危险，最终带来核战争的威胁...（注37）。”他们相信中国会继续帮助北越抵抗美国的军事压力，包括部署部分支援部队，但不会像在朝鲜那样，参与战争。

同样在台湾海峡，1958年五月的基线推断认为只要有与美国发生战争的危险，中国“不会使用军事行动攻占台湾（注38）。”不过推断没有排除中国可能对外岛采取“更有侵略性”的态度。当人民解放军在金门对岸的炮兵部队在 1959 年八月下旬开始猛烈炮击该岛时，国家安全委员会要求对中共的意图进行评估。编号为 SNIE100-9-58 的评估重申炮击行动的目的是要试探美国与“中华民国”政府的意图。虽然中国的武装力量有能力攻击外岛，但“很可能因为怕美国干预而不敢冒动（注39）。”

当中华人民共和国提高赌注宣称会堵截国民党对金门卫戍部队进行补给和向在其领海的舰船开火时，我方准备了另一份评估。这份编号为 SNIE100-11-58 的评估留有余地地表示中华人民共和国似乎越来越愿意冒险与美国进行战争。评估预测，如华府选择使用美国海军向该外岛进行补给或护卫国民党舰船进入中华人民共和国领海，中国“可能袭击美国部队。”然而评估员重申中国或苏联似乎没有正在为大规模的冲突进行准备（注40）。总统艾森豪威尔选择使用美国海军护卫国民党补给舰到距离中华人民共和国领海三英里以外之处。同时再威胁如果战争扩大，将向中华人民共和国部队进行核攻击。在华沙重开与中国的外交谈判。十月初，中国停止炮击一个星期，让补给不受干扰地进行，危机因此逐渐缓和。于1958年十月下旬和1959年二月发表的后续特别国家情报评估重申有关中国在美国决心保卫外岛面前退让的论点。

回顾过去，中国在台湾海峡不能反击美国常规或核能力，而且苏联在危机期间很明显不愿意支持它的中国盟友（评估指出这一点），这无疑导致中苏的紧张关系，使中国决定加快发展其战略性武器计划。该计划1960年后成为评估员日益关注的重点问题，1962年到1974年间，他们编写十三份有关这问题的评估。日益先进的情报搜集计划，尤其在六十年代开始可供使用

的卫星图像技术,有助于从事有关中国计划的人员获得更多对中国的知识。由于这些计划的性质和它们与当今情报的搜集和分析继续有关系,大部分有关中国发展核计划的文件都被大量修改。

阅读被大量修改过的文件是令人有挫折感的过程,不会让人对中国的核武器或战略导弹计划的性质产生许多独特的见解。不过被修改过的文件表明这些计划在美国与苏联产生极大的兴趣和关注,也表明基于一些照片和其他不足够的线索对一个国家的核能力进行评估从一开始就不是一门精确的科学,更何况对它的核意向进行评估。国家评估办公室的评估员在编号为 NIE13-2-60 (注41)的首份有关中国战略性武器计划的重大评估中,研判第一个核爆炸很可能在1963年进行,也可能在1964年或1962年进行,这有赖于苏联的援助。另一方面,于1964年八月下旬发布的,编号为SNIE13-4-64,题为**中共即将进行核爆炸的可能性**的评估指出在罗布泊的试验场明显地已经准备就绪,同时指出很少迹象显示有足够的可裂变物质可供制造炸弹,在年底之前不可能完成试验。然而试验在1964年十月十六日进行。

中国核计划的发展速度始终是一件出乎意料的事情。在进行首次大气层中的试验两年后,中国宣布进行导弹核武器试验,而且于1967年六月,首次进行热核武器试验。这些惊人的进展是在中国经济相当疲弱和政治制度因文化革命日趋混乱的背景下取得的。整个社会的动乱似乎未殃及中国的战略性武器计划,这给编写编号为 NIE13-8-67,题为**中共的战略性武器计划**的评估的起草者深深地感觉到计划背后的决心。但是发展速度给评估员留下“极少有关中国对核武器在整体战略中地位的思维方面的证据(注42)。”他们似乎不相信中国将试图在战略计划的规模或毁灭性方面争取与美国或苏联势均力敌,并指出在技术和保障方面持续存在的问题有待解决。他们作出结论说,中国的计划“在未来十年内,将由于中国在工业,技术,与人才方面的薄弱,受到有关范围,质量,和数量方面的限制(注43)。”

然而该计划却令人担忧,尤其对苏联而言,当时中国的外交和国内政策处于非常激进的阶段。在六十年代,中苏争端演变成公开的敌视和仇恨,于1969年,终于演变成武装冲突。在该场冲突中,中国与苏联的部队在其边界多处进行激战。编号为 NIE11/13-69,题为**苏维埃社会主义共和国联盟与中国**的评估揣测说,有迹象显示苏联领导层正在考虑和准备与中国进行一场军事决战。这样做的其中一个目的是“利用其空中优势破坏中国的核设施与导弹设施,同时阻止中国使用其战区部队展开地面上的报复性攻击(注44)。”评估员认为莫斯科不太可能实现它的目标,而且认为这样做会产生非常严重的后果,不过他们不排除这个可能性。最后由于比较冷静的头脑占了上风,争端有所缓和,但是中国的战略性武器的重要性和弱点成为随后美国对中国进行战略评估的主要因素。

到1974年,新成立的国家情报官系统编写一篇评估对中国战略计划的意向和范围作出稍微更坚定的论断。由于政治,经济,和技术方面的约束,计划被认为已经减速,而转为旨在发展“对乌拉尔山脉以西的苏维埃社会主义共和国联盟以及美国大陆进行袭击的象征性核能力(注45)。”计划被认为不是不惜任何代价,仓促和轻率地发展战略性武器,而是体现(在林彪被清算后)军队被制服了的国内政治现实,以及对国际局势不认为那么令人不安的看法,这种看法是来自苏维埃社会主义共和国联盟的威胁减轻和与美国的关系改善的结果。中国被认为拥有130枚导弹和可以携带核武器的轰炸机,而且被预料在十年内会拥有六枚能够瞄准美国的洲际弹道导弹,以及一些潜艇发射的导弹(注46)。

中国的军事能力,包括其战略性武器计划,仍然是美国政府决策者极为关注的议题.在某些方面,这汇编所收录的最后一份评估编写将近三十年以来,中美战略关系没有发生多大的变化.中国维持可靠的小规模核部队,这支部队经得住第一袭击,配备着一整套的能够击中美国在亚洲的基地或盟国的导弹,以及少数有足够射程袭击美国大陆的武器.美中关系的性质向好的方向发生根本性变化,主要是因为这些评估所探讨的中国外交政策上的变化.不过很少人会认为有理由放松或停止对人民解放军和它的常规和战略能力进行了解的努力.

在美国眼里的中苏关系

本汇编所收录的最早的文件理所当然地认为中国共产党与苏联的政党和政府之间存在着密切的关系.这种关系被认为对美国的利益有害.编号为 ORE45-48 的评估考虑到 1948 年七月蒋介石的国民党政府地位岌岌可危,便推断国民党会垮台和被“即使不受控于苏联也将受苏联影响”的中国共产党取代.评估认为这将是越来越可能发生的“最坏的事情”(注47).“六个月以后,共军在济南,锦州,沈阳,与其他重要城市击败国民党部队,评估员对事态的后果再也不怀疑了.他们推断“没有具有实际战斗力的国民党部队”可以持续抵抗.至于中国共产党,他们写道:

它与苏维埃社会主义共和国联盟有共同的意识形态,共同的政治组织,以及共同的战略与策略,就目前而言,它们还有共同的目标.中国共产党从来没有公开偏离苏联党的路线,从来没有公开批评苏联的任何行动或代表,从来没有表示可能将其导向从苏维埃社会主义共和国联盟转向美国.可以肯定中国共产党曾经和仍然是苏联政策的工具.

没有“分裂的可能性,”至少就目前而言(注48).

在人民共和国1949年成立以后,将中国与苏联的制度,政策,和利益等同起来是完全有道理的.北京在其政治结构,作法,与政策上非常明确地表示它对莫斯科的忠诚.于1950年二月签署的友谊,同盟,互助条约将两国联系在看似强大的国防协定之下.中国在1950年加入朝鲜战争被认为是苏联授意的.

然而注意被认为是非常重要的关系中是否出现分裂或紧张迹象始终成为对中华人民共和国与整个苏联集团进行评估的人员的工作主题,他们与学术界的观察家在这方面有共同的兴趣.事后回顾当时的情况,让人很想对他们作个比较,看他们之间谁首先对事情“弄对.”这是效果不特别大的作法.早在1952年,起草编号为 NIE58,题为 *中共政权与苏维埃社会主义共和国联盟的关系* 的评估人员就确定对中苏关系中可能出现的紧张迹象应该注意的事项,包括苏维埃社会主义共和国联盟对中国加强控制所进行的努力,它对中国提供的军事和经济援助,有关划分边界的问题,与在亚洲的其他共产主义运动的关系,以及毛在整个共产主义运动中所扮演的意识形态领域的角色.但他们作出结论说,两国与两党的共同利益,尤其是它们消除美国在亚洲的影响力的共同目标,超过可能使它们疏远的因素(注49).学术界的专家稍后撰文作出类似的结论(注50).

1956 年双边关系开始紧张,赫鲁晓夫在二月举行的苏共第二十次党代表大会上谴责斯大林(中方对此表示不满),紧张的关系随着苏联对毛在1958年的大跃进中设立“公社”的决定表示轻蔑而升级,紧张的关系由于莫斯科在 1958 年金门和马祖危机爆发时不愿意支持中国和赫鲁晓夫试图与华府建立更密切的关系而达到严重的地步。但是紧张的关系被仍然光泽鲜明的社会主义团结的外表隐藏了一年,到 1960 年四月才爆发成为公开的争辩(注51)。八月份,编号为 NIE100-3-60,题为*中苏关系的评估*指出共产主义运动中的“两个权力声音”之间“纷争急剧上升。”该文件对中苏日益复杂的关系的各方面进行详尽的研究,并作出结论说:“我们相信中苏关系里的凝聚力比分化力强大,这种情况至少在这份评估所涵盖的五年内很可能继续存在。”然而即使公开的决裂不可能发生,双方之间越来越大的分歧亦不可能调和(注52)。

1960 年十一月,莫斯科举办一场重大的共产党国际会议,希望借此使该运动恢复表面的纪律。该会议会期长,且争论不休,最后加剧了中国与苏联政党之间的分裂,但没有导致公开的决裂。次年编写的编号为 NIE10-61,题为*共产主义运动中的权力与控制*的评估对越来越支离破碎的运动作了总结,评估没有改变一年前所作的论断,这论断认为中苏争端会持续下去,但不一定会恶化。在赫鲁晓夫于1964年被撤职后,苏联领导人的确似乎试图与中国言归于好。不过大家误判了毛和他将他的意见强加于中国政策的能力,这些政策包括外交政策,毛在他和他国内的敌人间越来越激烈的争论中,用支持苏联“修正主义”的指控来伤害刘少奇,邓小平,和其他人。并对苏联进行更加恶毒的攻击。

到1966年,国家评估办公室超前地了解中国动荡不安的国内政治局势会影响它的外交政策。评估员总结当年的双边关系时作出结论说:“只要毛泽东和林彪领导班子保持权力,中苏关系将继续恶化。”虽然评估员认为不可能发生公开的决裂,他们还是写道:

... 我们不能完全排除争端突然爆发,而以新的,更恶毒的形式体现... 如果中国的权力加强其民族专断性,严重的麻烦可能出现,尤其在边境地区(注53)。

三年后,在黑龙江与新疆的中苏边境发生冲突,使双边关系达到最低点。评估员评述说“提出重大的中苏战争会否在短期内爆发的问题是合理的。”评估员们再次对双方的利益和冲突深化所带来的严重损害性的后果采取平衡的看法,作出结论说中国不会发动战争,苏联可能会考虑先发制人攻击中国的战略性武器设施,但很可能决定不这样做(注54)。至于苏维埃社会主义共和国联盟和中国之间的敌对关系会否促使其中一方调整对华府的政策,评估员对此并不乐观。莫斯科可能“在小问题上作一些让步... 但我们不认为苏联目前正在考虑牺牲它至关重要的立场。例如,德国的分割和在东欧的苏联圈子的合法性。更不可能的是中国反美立场的重大改变(注55)。”1969 年九月十一日,苏联总理科锡金在河内出席胡志明的葬礼后返回途中停留北京,与周恩来总理在机场商谈重启谈判解决边界问题。周的态度不明确,据说他向科锡金提出警告说苏联不要攻击中国的核基地。九月下旬,中国在罗布泊引爆两个热核爆炸装置,其中一个装置的威力在三百万吨级当量。十月七日,中国同意恢复边界谈判。从而大大地缓和危机(注56)。

本汇编有关中苏的最后评估在1973年编写,评估作出结论说:

虽然中苏关系将继续呈现不同程度的紧张,但可能会往紧张缓和的方向发展,而不是往战争方向发展。

该文件讨论这两个可能性的展望与含义,指出最大的可能性是不安的和平将延续,战争不会爆发,但也不会有和解。评估再警告西方国家不要期望因中苏关系改善或恶化而受益(注57)。

有关中苏关系的文件总体上对复杂的问题进行合理,谨慎的分析,这是跨部门分析的特点,这种分析对可能发生的局面与事情作精细的评估,倾向于预测现状将延续。在很多情况下,这种作法对后果作出正确的预测。在所有的情况下,评估在其有助益的摘要中提出证据使决策层的读者了解正在演变中的关系之背景。本人认为这些评估有以下三方面的不足之处:1)高估了至少在五十年代中意识形态的团结以及共产集团内其他向心力的重要性;2)没有足够有关国内政治对中国外交政策造成影响的证据;3)不能(没有被允许)对美国的政策选择对中华人民共和国或苏联的外交决定所造成的影响进行充分的评估。最后的因素不是评估员的过错,是被需要保持情报分析与决策之间严格的界线所决定的。

中华人民共和国,中华民国,美国的三角关系

由于上面所列举的三个原因中最后一个原因,这些文件,与本集汇编其他方面比较,最不能阐明美国,中华人民共和国,和中华民国之间的复杂关系。这些评估所涉及的时间长达二十八年,其中美国和中国处于不能消解的敌视关系长达二十五年,双方没有寻求或期望改变这种状况。编号为NIE10的评估在1951年宣称,“中共所采取的行动是为了破坏美国在远东的战略利益以及削弱美国与其盟国在世界范围内的权力地位(注58)。”该论断在以后二十年保持显著的连贯性。不管他们研究的重点是东南亚,朝鲜,日本,或台湾问题,国家评估办公室的评估员都理所当然地认为中共对美国与其利益和盟国采取敌视的态度。而且认为中国想成为亚洲最强大的力量之战略目标是不言而喻的。编号为NIE13-60的评估称,“中共外交政策的一个基本原则是中国在远东称霸。这个原则几乎不会(在未来五年)发生明显的改变(注59)。”编号为NIE13-9-65的评估进一步说:

由于意识形态和民族主义原因,中国把美国视为它的头号敌人。北平当前的安全利益和其有限的军事力量范围导致它在外交上集中主要精力破坏美国在远东的地位(注60)。

即使在文化革命期间中国在外交政策上遭到明显的失败后,编号为NIE13-69的评估(这是一份极佳的对中国外交政策二十年的总结)仍坚称:“几乎所有的中国人,无论是在北京或台湾,都一致认为中国的正当地位应该通过在亚洲大陆,最终在整个东亚和东南亚,取得政治主宰权来建立(注61)。”

这种看法可能被认为有缺点,因为它显得受意识形态的,冷战式的影响,而且中国领导人关于他们战略目标的谈话很少被引用来作根据。不过现有事实表明这些评估在现实中有充分根据的。冷战现在回忆起来似乎是遥远和不可思议的事,但是在五十年代和六十年代它

是真实的事情. 中国在那个时期有关美国的官方谈话与言论很明显是有反抗性的, 尖锐的, 和富有敌意的, 没有妥协的迹象或隐隐约约显示出改善双边关系的意愿. 事实上, 有关中国外交政策意愿的评估性分析文章一般都是轻描淡写或至少是低调处理. 本汇编所收录的文件有比较高的客观性, 即使在讨论涉及美国利益的问题时亦如此.

尤其在台湾问题上更是如此. 虽然这问题没有经常被提到, 本汇编所收录的文件表现出干净利落和客观的一面. 这些文件编写的时候并不是无争议的. 研究与评估办公室早期的文件尤其在其时代背景下阅读时显得颇有兴味, 当时中国国内战争和美国对此的卷入正在以不幸的结局收场. 国防部与国务院之间以及行政部门与立法部门之间爆发有关中国政策的争论, 反共情绪在美国达到狂热的地步. 1948年七月, 国会通过援助中国法案, 该法案追加拨款1.25亿美元让蒋介石政府购买额外武器装备, 在国会刚通过该法案后, 编号为 ORE45-48, 题为*中国目前的局势*的评估就发表一则令人丧气的消息说:

当前国民党政府的地位岌岌可危, 它可能随时会垮台... 即使在美国目前的援助计划下, 现在的国民党政府似乎没有希望扭转或停止走向解体的趋势. 由于战争失败和他显然不愿意和不能完成有建设性的改革, 蒋介石的权力与声望不断地在下降(注62).

该文件可能为国务院的论点提供了依据, 当时国务卿乔治·马歇尔与政策计划主任乔治·凯南赞成限制美国向蒋介石提供更多的援助(注63). 这无疑与美国军事评估的论点有出入, 这些评估认为更有效地提供美国武器会让国民党支撑下去.

蒋介石夫人于1948年十二月初访问美国请求更多的军事与经济援助. 在她访问前夕, 编号为 ORE77-48, 题为*中共的能力*的评估预言国民党的抵抗将在数月内被粉碎. 一旦完成粉碎行动, 共军会“从容不迫”地进一步肃清所有地方反抗力量, 进而建立完全由共产党主导的名义上的联合政府. 该文件认为共产党展开有效的军事和后勤工作, 指出它在其控制的地区推行“适度”的土地改革政策, 责备国民党政府不能进行有意义的经济和政治改革(注64). 当国务院的司务官表现出类似的客观性时, 被一些国会议员指责为远东局内同情共产党人的“红色小组.” 这方面的争议最后使国务院的几位中国专家失去工作和声望(注65).

在为本汇编选录评估文件时, 编辑人员决定不收录有关蒋介石在1949年于台湾建立的中华民国政府的讨论. 关于五十年代台湾海峡危机的评估被收录是因为它们与北平所扮演的角色有关. 希望以后的汇编会收录与1949年后的国民党有关的评估文件. 就我们现有的关于海峡危机的评估而言, 国家评估办公室的分析家对所评估的问题保持严谨客观的态度. 编号为 NIE100-9-58, 题为*台湾海峡地区可能的事态发展*的评估揣测说, 对外岛恢复进攻部分原因是“中共”领导人对于他们“未能为实现结束中华民国政府存在的目标而取得明显的进长,” 未能防止“国际上更广泛地接受实际上存在‘两个中国’的状况,” 以及未能“在联合国取代中华民国政府而感到不满, 该评估于1958年八月危机高峰时期发布. 评估对国民党的目的进行同样坦率的分析, 认为它设法保持中华民国政府的威信, 使返回大陆的希望之火不熄灭, 维持民众的士气, 以及从美国获得更多的援助和保卫台湾的更坚定的承诺, 一些未指名的官员还认为它设法将美国卷入与中共的战争(注66). 该评估提出近乎政策建议的结论说, 美国如果采取“次要的措施,” 如部署更多的船舰, 向台湾提供更多的武器, 或提出“一般的警告,” 这不会阻止中国对外岛施加压力.

虽然艾森豪政府明显地不愿意卷入一场为保卫难以防守和无战略价值的外岛进行代价高的战争,虽然莫斯科通过赫鲁晓夫九月十九日的一封信明确地威胁华府说,如果美国向中国使用核武器,莫斯科将进行核报复,但最后美国还是向台湾和大陆明确地表示其对台湾的承诺。美国和中国都认为莫斯科表示愿意帮助北京的言论是空洞和有条件的。

虽然在中华人民共和国与美国的关系到台湾问题日后成为尼克松在1972年访华时谈判的中心问题(而且至今仍然是双边关系中最敏感的问题),但本汇编所收录的评估只是顺便提到这议题。在某些方面,这是因为决策者加强自身的能力,不再认为必须用情报界的文件为自己对中国有关美国的政策的评估提供依据。在某些方面,这反映了整个中美关系的发展。在七十年代中,中国领导人已经不是遥远和模糊不清记忆中的对手,而是美国总统,国家安全顾问,和国务卿的对话者,他们相信他们开始了解中国领导人的主张,目的,和意图,甚至比由中央情报局总部的小心翼翼的通才组成的委员会了解更深。

尽管如此,本汇编再度提醒我们评估文件对中国与其政策的长远了解具有价值。评估文件将历史评析和总结与时事结合,愿意揣测未来可能发生的事情,在最佳状态下的评估文件为决策者面临的重要问题提供至关重要的路线图。它们阐明当今极其重要的问题的环境,背景,和趋势,对这些问题进行预测,以及提供富有经验的专家的观点和论断。它们为情报界人员在具有重大政策意义的问题上集中注意力和集思广益提供重要机会。纵观过去,它们为希望多了解情报分析,希望多了解美国的决策过程,中华人民共和国,以及早期的中美关系的人士提供极为有趣的读物。本人赞扬和感谢国家情报委员会以及中央情报局信息管理人員中的编辑人员和销密专家将这独特的文件汇编提供给广大群众。

注释

注1: 这些和其他文件很容易在情报研究中心的网站<http://www.cia.gov/csi/index.html>取阅。

注2: 当时美国政府使用威妥玛拼音法翻译中文名字,后来改用中国使用的拼音法。在提及中国领导人时,本人将先使用威妥玛法,然后再使用目前的拼音法。

注3: 引自薛曼肯特的*有关国家情报分析的法律与惯例*。该著作可在<http://www.cia.gov/csi/books/shermankent/5law.html>查阅。

注4: 同上。本汇编所收录的评估使用的编号体现了这组织历史。研究与分析办公室所编写的评估编有该办公室的名称缩写。编号为 NIE 和 SNIE 的评估则由国家评估办公室编制。

注5: 同上。参阅薛曼肯特的一份*国家情报评估的制作过程*。该著作可在<http://www.cia.gov/csi/books/shermankent/making.html>查阅。这是一篇特别有价值的文章。作者从1952至1967年主管国家评估办公室。该文章详细讨论了国家评估办公室准备评估的全部过程。

注6: 同上。

注7: 情报界目前由中央情报局,国防情报局,国家安全局,国家地理空间情报局,国家侦察办公室,国务院情报与研究局,空军,陆军,海岸防卫队,海军陆战队情报处,联邦

调查局，本土安全部，能源部，和财政部组成。

注8：欲获得有关国家情报委员会的详细叙述以及了解其组织结构，历史，授权任务，和其制作的一部分作品，可到http://www.cia.gov/nic/NIC_home.html 查阅。

注9：该结构是中央情报主任根据1997年一月十四日的3/1命令授权建立的。有关信息可在<http://www.fas.org/irp/offdocs/dcid3-1.html> 查阅。

注10：参阅刊载于本文开端的简历。

注11：参阅薛曼肯特的 *评估与影响*。该著作可在

<http://www.cia.gov/csi/books/shermankent/4estimates.html> 查阅。

注12：NIE10，中共，第一页，1951年一月十七日。所有被引述的国家情报评估与特别国家情报评估的页码均为原文的页码。

注13：泰伟斯，*中国的政治与清算：整改与党的准则的衰退，1950-1965*，第166页，（纽约：M. E. 夏普出版社1979年出版）。

注14：NIE13-60，中共，第九页，1960年十二月六日。

注15：同上。

注16：NIE13-63，中共的问题与前景，第四页，1963年五月一日。

注17：NIE13-7-65，中共的政治问题与前景，第三页和第九页，1965年八月五日。

注18：参阅刊载于 *中国季刊* 第二十九期（1967年一月至三月）第一页到第三十五页，菲利普·布里奇哈姆著作的 *（文化大革命的）起源与发展*；刊载于 *中国季刊*

第三十四期（1968年四月至六月）第六页到第三十七页，菲利普·布里奇哈姆著作的 *1967年毛的文化革命：为夺取权力而展开的斗争*；以及刊载于 *中国季刊* 第三十二期（1967年十月至十二月）第三页到第三十六页，查儿斯·纽豪萨儿著作的 *六十年代的中国共产党：文化革命的序曲*。

注19：由哥伦比亚大学出版，罗德里克·麦克法夸尔（马若德）著作的三卷本巨著 *文化大革命的起源* 利用该时期公布的大量文献资料编写一部五十年代和六十年代初领导层互动的详细历史。虽然有关文化革命的起源和政治目标的评估仍有争议，编号为 NIE13-7-67 的评估所提出的论据无论作为该动乱时期的准确叙述或与当时的报刊和学术界分析文章相比都是非常站得住脚的。

注20：NIE13-7-67，*中国文化革命*，第一页，1967年五月二十五日。

注21：同上，第十页和十一页。

注22：同上，第十二页。

注23：据后来的报道说，林是于1971年九月十二日乘坐军用飞机逃往苏联时被杀害。林的主要助手主导1969年选出的第九届中央委员会政治局，他们和很多其他军官在一次对人民解放军的大规模清算中被逮捕和撤职。

注24：这些文件使用意识形态领域的用语，如“中共”而非“中国”或“中华人民共和国”，以及到六十年代使用国民党所用的“北平，”这并不意味这些文件有意识形态的偏见。除了个别例外，这些文件对中国的行动和成就作论断时采取谨慎中立和非意识形态的态度。它们毫不讳言地指出中国作为国际共产主义运动的一部分，其目的和做法本质上对美国具

有敌意的，但它们没有体现当时公共范畴里所见到的其他更为极端的看法(用语)，如“红色中国”或“赤共。”

注25: NIE13-54, *中共到1957年的潜在权力*, 第一页, 1954年六月三日.

注26: NIE13-58, *中共*, 第二十二页, 注1, 1958年五月二十三日.

注27: NIE13-63, *中共的问题与前景*, 第五页, 1963年五月一日.

注28: 同上, 第六页.

注29: NIE13-5-67, *中共的经济展望*, 第四页, 1967年六月二十九日.

注30: ORE77-48, *共产党控制全中国的能力*, 第一页, 1948年十二月十日.

注31: NIE2, *中共对朝鲜的干涉*,

第三页, 1950年十一月六日(“中国人民志愿军”全面加入战争两周前).

注32: NIE13-54, 前引书, 第二页.

注33: SNIE100-9-58, *台湾海峡地区可能的事态发展*, 第二页, 1958年八月二十六日.

注34: NIE13-8-67, *中共的战略性武器计划*, 第三页, 1967年八月三日.

注35: 参阅罗伯特·艾辛奈里的 *危机与承诺: 美国对台政策, 1950-1955*, (北卡罗来纳, 查普希尔: 北卡大学出版社1996年出版), 和托马斯·施托尔珀的 *中国, 台湾, 与外岛: 一起对外蒙和中苏关系的影响* (纽约, 阿蒙克: M. E. 夏普出版社1985年出版).

注36: NIE13-3-67, *中共的军事政策, 总目标, 与防空部队*, 第一页, 1967年四月六日.

注37: SNIE13-66, *中共目前对越南局势的意图*, 第五页, 1966年八月四日.

注38: NIE13-58, 前引书, 第十九页.

注39: SNIE100-9-58, 前引书, 第五页.

注40: SNIE100-11-58, 第一页和第二页, 1958年九月十六日.

注41: NIE13-2-60, *中共的原子能计划*, 第三页, 1969年十二月十三日.

注42: NIE13-8-67, 前引书, 第三页.

注43: 同上, 第十三页.

注44: NIE11/13-69, *苏维埃社会主义共和国联盟与中国*, 第七页, 1969年八月十二日.

注45: NIE13-8-74, *中国的战略攻击计划*, 第三页.

注46: 同上, 这些数量在情报界引起争论, 海军和空军对中国未来武器发展方面的数量估计提出脚注.

注47: ORE45-48, *中国目前的局势*, 第二页, 1948年六月二十二日.

注48: ORE77-48, *中共控制全中国的能力*, 第三页和第八页, 1948年十二月十二日, 着重部分由作者标明.

注49: 参阅NIE58, *中共政权与苏维埃社会主义共和国联盟的关系: 目前的性质与未来的可能方向*, 第二页到第五页, 1952年九月十日.

注50: 参阅, 如包华德, 亚利山大·艾克斯坦, 菲利普·莫斯利, 本杰明·史华兹的 *莫斯科与北京的轴线: 强大和紧张之处*, (纽约, 哈伯特兄弟出版社 1957 年出版), 以及W.W. 罗斯托的 *中共的前景* (麻省, 剑桥: 麻省理工学院理工出版社1954年出版), 尤其参阅第四章.

注51: 如欲阅读有关中央情报局对中苏决裂的全部分析文章之极佳的概述, 包括本汇编所收录的评估文件, 参阅刊载于1998年至1999年冬天的 *情报研究*,

哈罗德·福特的 *识别中苏决裂*, 该文可在

http://www.cia.gov/csi/studies/winter98_99/art05.html 查阅.

- 注52: NIE100-3-60, *中苏关系*, 第十四页, 1960 年八月九日. 当时有些学术界的研究认为国内政治与中苏决裂有更直接的关系. 参阅, 如唐纳德. 柴哥利亚的 *中苏冲突: 1956-1961年* (普林斯顿: 普林斯顿大学出版社 1962 年出版), 威廉. 格里菲思的 *中苏决裂* (麻省, 剑桥: 麻省理工学院出版社 1964 年出版), 以及戴维. 弗洛伊德的 *毛对赫鲁晓夫: 中苏冲突的简史* (纽约: 普瑞爵 1964 年出版)
- 注53: NIE11/12-66, *中苏关系的展望*, 第一页和第二页, 1966年十二月一日.
- 注54: NIE11/13-69, 前引书, 第一页和第八页.
- 注55: 同上, 第十页. 如欲阅读有关中苏边界冲突对尼克松政府关于中国, 苏维埃社会主义共和国联盟, 和北越之战略思维所造成的影响的揣测性的, 有趣的报道, 参阅邵培德的一 *道长城: 六位总统与中国——调查性历史* (纽约: 公共事务出版社1999年出版), 第六十一页到六十九页.
- 注56: 中国外交部有关周与科锡金的会晤的报道可在http://www.fmprc.gov.cn/eng/zili_ao/3602/3604/t18005.htm查阅; 有关中国试验的信息可从<http://fas.org/nuke/guide/china/nuke/tests.htm>取阅.
- 注57: NIE11/13/6-73, *中苏关系中可能发生的变化*, 1973 年十月二十五日.
- 注58: NIE10, 前引书, 第二页.
- 注59: NIE13-60, 前引书, 第二页.
- 注60: NIE13-9-65, *中共的外交政策*, 第一页, 1965 年五月五日.
- 注61: NIE13-69, *中共与亚洲*, 第六页和第七页, 1969 年三月六日.
- 注62: ORE45-48, *中国目前的局势*, 于1948 年六月二十二日出版.
- 注63: 参阅 *美国的对外关系, 1948年, 第七卷, 远东: 中国*, 第118 页到第154 页.
- 注64: ORE77-48, *中共控制全中国的能力*, 1948 年十二月十日.
- 注65: 邹说 *美国在中国的失败, 1941-50* (芝加哥: 芝加哥大学出版社1963年出版), 第466页.
- 注63: SNIE100-9-58, 前引书, 第五页和第六页.

SECTION 1

ORE 45-48

The Current Situation in China

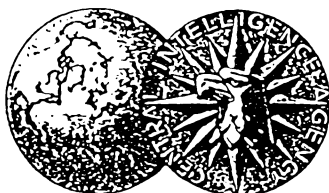
22 July 1948

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48443

THE CURRENT SITUATION IN CHINA



CIA HISTORICAL REVIEW PROGRAM
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THE CURRENT SITUATION IN CHINA

SUMMARY

The position of the present National Government is so precarious that its fall may occur at any time. It is quite likely, however, that it may survive with diminishing power for some time, but soon become only one of several regimes exercising governmental powers independently in Nationalist China. Even with the current US aid program, the present National Government has little prospect of reversing or even checking these trends of disintegration. The increasing instability in Nationalist China will facilitate the extension of Chinese Communist military and political influence.

Within Nationalist China the power and prestige of Chiang Kai-shek is steadily weakening because of the unsuccessful prosecution of the war under his leadership and his apparent unwillingness and inability to accomplish positive reforms. Opposition, both within the Kuomintang and among dissident elements, centered chiefly in Hong Kong, is gathering strength. In addition, deteriorating economic conditions are exerting a cumulative impact on the political structure of the National Government. Furthermore, the military forces of the Chinese Communists have been able to seize the tactical initiative on an increasingly large scale. Even with current US assistance, it is improbable that the Nationalist Army can successfully defend all of its present territories.

In foreign relations, questions concerning the neighboring states of Japan and the USSR are of paramount interest to China for reasons of security. Chinese opinion favors a "hard" peace settlement with Japan so as to prevent the resurgence of that country as a Great Power. It is equally important for China to maintain correct and if possible friendly relations with the USSR, for China unaided cannot match Soviet power. Implementation of US aid to China is complicated by the question of the extent of US controls and supervision, and US insistence upon accompanying economic, political, and military reforms. The USSR thus far has refrained from overt material assistance to the Chinese Communists and continues to recognize the National Government, but it is apparent, nevertheless, that Soviet sympathies lie with the Chinese Communists. Even if US aid should prove effective, this might prove to be only a temporary advantage for the National Government, since it might be offset by Soviet counter-aid to the Chinese Communists.

The prospect for the foreseeable future in China is at best an indefinite and inconclusive prolongation of the civil war, with the authority of the National Government limited to a dwindling area in Central and South China and isolated major cities in north and northeast China, and with political and economic disorder spreading throughout the country except possibly in Communist-held areas. The worst prospect is complete collapse of the National Government, and its replacement by a Chinese

Note: The information in this report is as of 11 June 1948.

The intelligence organizations of the Departments of State, Army, Navy, and the Air Force have concurred in this report.

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Communist-controlled regime, under Soviet influence if not under Soviet control, and uncooperative toward the US if not openly hostile. The latter development would result in an extensive loss of US prestige and increased Communist influence throughout the Far East, as well as an intensification of threat to US interests in the Western Pacific area.

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SECTION 2

ORE 12-48

Prospects for a Negotiated
Peace in China

3 August 1948

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DATE: MAY 2004

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PROSPECTS FOR A NEGOTIATED PEACE IN CHINA



ORE 12-48
Published August 3, 1948

CENTRAL INTELLIGENCE AGENCY

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PROSPECTS FOR A NEGOTIATED PEACE IN CHINA

SUMMARY

The prospects for a negotiated peace in the near future between the Chinese National Government under its present leadership and the Chinese Communists appear remote. This does not preclude, however, an early cessation of hostilities in some of the presently active military theaters as a result of regional arrangements between opposing commanders.

War-weariness and defeatism are widespread throughout Nationalist China, and although these sentiments have not yet been crystallized into a strong political force, no Nationalist leader can afford to ignore them. So long as Chiang Kai-shek remains in office, however, compromise between the National Government and the Communists appears virtually impossible, Chiang being opposed to negotiations with the Communists and they with him.

Chiang's position is steadily deteriorating, and his Government is in such a precarious situation that its collapse or overthrow could occur at any time. His ultimate fall is apparently inevitable, but the prospects of any single leader succeeding to a position with power comparable to that which Chiang now holds are remote. Any successor to Chiang, in order to secure peace, would have to be willing to negotiate on the terms the Communists would demand, and would have to possess the leadership and military support to hold the central government together while promoting such a policy. At the present time, although Li Chi-shen has been attempting to ride into power on the strength of a professed determination to seek an accommodation with the Communists, no such leader has appeared. Assuming that Chiang will not be replaced by any effective successor, and assuming further deterioration of the National Government's position, the probability is that before any peace negotiations can be undertaken, the Government will split into regional factions which will be forced to capitulate separately to the Communists.

While the bulk of the people in Nationalist China feel that continued resistance against the Communists is hopeless and therefore pointless, to Chiang and his immediate followers, the fortunes of the Government may appear in a different light. It may be a matter of years before the Communists can achieve total military victory, and before that time comes, Chiang probably feels that he can count on the incentive of presently guaranteed US aid, possible increased aid that might come from a new US administration, and an "inevitable" US-Soviet war in which the US would become his active ally.

The Soviet Ambassador has already made some overtures concerning a peace settlement to certain National Government officials. Given an opportune moment, the USSR would undoubtedly extend its good offices and attempt to exploit the dual

Note: The information in this report is as of 12 July 1948.

The intelligence organizations of the Departments of State, Army, Navy, and the Air Force have concurred in this report.

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advantages of a peacefully communized China, and the propaganda value accruing from apparent advocacy of world peace.

A negotiated peace would have real advantages for the Communists, but since they hold the military initiative and feel sure of final victory, they would probably insist on terms that would ensure their ultimate control of China.

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PROSPECTS FOR A NEGOTIATED PEACE IN CHINA

1. WAR-WEARINESS IN NATIONALIST CHINA.

Large numbers of people throughout Nationalist China blame the civil conflict for their present misfortunes. The internal struggle has already dashed the hope of peace and stability which the end of the war with Japan held out. The apparent hopelessness of ultimate victory for the Nationalists contributes heavily to the low morale of the common soldier, the civil servant, and the peasantry; and makes continued military operations against the Communists seem pointless. (See ORE 45-48.)

The bulk of the common people in Nationalist areas have become apathetic; their aspirations and hopes for a brighter future under either a Nationalist or Communist regime have been dissipated. The peasants are told that the Government is in favor of agrarian reform, but except in certain Communist areas little substantial reform has been carried out. The students and intellectual groups have been pauperized by the inflation, and this has intensified their bitterness, frustration, and despair. Some students, in the face of severe and arbitrary police measures, are championing the Communist cause in Nationalist universities. Even many businessmen of Nationalist China are resigned to the prospects of living under Communist domination if that is prerequisite to the restoration of peace. Inflation, the complex and discriminatory Government controls, and the feeling of uncertainty have brought much of China's private enterprise to a standstill. It is significant to note that many foreign businessmen, including Americans, are reported to favor peace now under the Chinese Communists rather than continued and inconclusive fighting. These groups would probably support any program holding out hope for their continued existence and economic betterment, and they would be indifferent as to whether such a program would be to the advantage of the National Government as a political entity.

This widespread feeling of war-weariness has also penetrated the ranks of Government civil and military officials, a number of whom are believed to favor an immediate settlement with the Communists. This desire, however, is and will continue to be largely ineffectual until it finds expression through a strong political organization with effective military support.

2. NATIONAL GOVERNMENT ATTITUDE TOWARD PEACE.

a. *Chiang Kai-shek's Opposition to Negotiations.*

Chiang Kai-shek and his closest personal adherents in the inner circle of powerful military and political figures are the key to the Nationalist position, and they remain adamant in their opposition to a compromise peace. The conservative CC Clique and the Whampoa Military Clique, in particular, so long as they see any hope in the continuation of the military struggle, will give the Generalissimo staunch support in his refusal to consider a political accommodation with the Communists.

The National Government under Chiang has reasons for holding out as long as possible. The US aid program alone is a strong inducement and there is further hope that a new administration may increase the program. Since it may well be years before the Communists can achieve total military victory, the National Government may be able to maintain itself as a significant political entity longer by continu-

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ing its present course than by engaging in peace negotiations with them. The long-range hopes of many Nationalist officials, furthermore, hinge upon their expectation of an inevitable war between the US and the USSR, in which the US would be an active war ally of the National Government in a struggle against international Communism.

In order that the National Government may continue to exist as now constituted it might withdraw to South China where its prospects for continued resistance, however, are not bright (see ORE 30-48).

b. Forces Working for Chiang's Removal.

Defeatism has to some extent penetrated those groups close to the Generalissimo, and, while this may not result in peace overtures to the Communists, it may provide tacit approval, in high circles, of such a move. Even certain high military figures feel that the Nationalist military position is almost hopeless.

There has not yet emerged any leader capable of directly challenging Chiang as head of the state but there are some who are working for his removal. Li Tsung-jen, the new Vice-President, is a potential threat to Chiang and reportedly hopes to induce him to accept a far-reaching reform program, failing which Li might try to force Chiang into the background and assume the presidential powers. Since his election in April, however, Li has had little opportunity to influence the political scene. In assessing the elements relating to Li which will influence the prospects for peace, it is important to note that he may be as unacceptable to the Communists as Chiang, inasmuch as their propaganda has recently classed him with the Generalissimo as an enemy of the Chinese people and a tool of US imperialism. In addition Li has publicly professed his opposition to peace talks with the Communists.

Li Chi-shen and his Kuomintang Revolutionary Committee in Hong Kong are openly attempting to displace Chiang, and plan to establish soon a new "provisional government", probably somewhere in Southwest China. In addition to the fact that he believes peace is necessary to a stable National Government, Li Chi-shen feels that the faction which brings peace to China will gain immense popular support. He has been cooperating with Communists in Hong Kong with the hope that such cooperation will place him in a key position for any future peace negotiations and the establishment of a coalition government. At the same time, however, he maintains that he is anti-Communist and that he intends to retain the upper hand over the Communists in such a government. Li Chi-shen is essentially an opportunist and will probably accept any offer from any source that would assist him in attaining a position of power. While Li may have considerable popular support, the extent of his organized political and military backing is probably small.

3. CHINESE COMMUNIST POSITION.

The Communists, since the collapse of negotiations in early 1947, have reiterated their refusal to deal with the Generalissimo and his followers. Any discussion of peace on the part of the Communists, therefore, presupposes the removal of Chiang. They continue to stress in their propaganda that they favor the establishment of a coalition government of all democratic elements, under firm Communist leadership.

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Despite their favorable military position, the object of the Chinese Communists, which is the control of all China, could probably be achieved sooner and more easily through peaceful channels than by continuance of the war. The Communists could demand that they be given legal status in the government of China, and such status would probably facilitate the extension of their control over all China. By taking over the remainder of the country before it is further disorganized or damaged by fighting, they would have fewer problems in creating a stable China.

4. SOVIET POSITION IN PEACE OVERTURES.

The USSR is the most likely external medium through which the two sides can be brought together because it is in the unique position of maintaining treaty relationships with the National Government while giving ideological, if not material support to the Chinese Communists.

Roshchin, Soviet Military Attache, gave added impetus to the movement toward a compromise peace by his unofficial overture to certain National Government officials several months ago. He was subsequently recalled to Moscow (in January 1948) and was appointed in late February 1948 as Soviet Ambassador to China. In mid-July Roshchin reopened the discussion when he approached another Nationalist official. This has added strength to the opinion that the USSR may offer a specific mediation proposal at a time judged propitious by Moscow.

A peace settlement mediated by the Soviets would be advantageous to them since it would present an opportunity to counteract US influence in Nationalist China. In addition, by shifting the Communist revolt from a military to a political sphere, the USSR could vitiate the influence of the present Chinese Communist leadership which the USSR may distrust. A Communist China would be an immense advantage to the USSR and would be important in spreading Soviet influence over the entire Far East. Even if Soviet efforts to bring about an end to the war were unsuccessful, the USSR would gain prestige, and the propaganda value of having attempted to bring peace to China. The USSR has already exploited and aggravated the current disunity in the National Government by bringing up the question of mediation.

5. NEGOTIATIONS FOR PEACE.

The 1945-46 peace negotiations between the Kuomintang and the Chinese Communist Party were broken off because of failure to reach agreement on (1) the reorganization and disposition of the armed forces, (2) local government and territorial control, (3) representation in a coalition government, and (4) problems relating to the calling of a National Assembly for the adoption of a Constitution. These questions would necessarily constitute the basis for any future negotiations.

Because the Communists are now in a position to resume the military offensive at any time, they can insist on much more extreme terms. These demands, which would undoubtedly include the removal of Chiang, would be in excess of the maximum concessions that the Nationalists would be prepared to make at this time.

In the event of Chiang's fall, there may be no single leader in Nationalist China, with the possible exception of Li Tsung-jen, with sufficient support to form an effective successor Government. If no qualified successor to Chiang should emerge, several

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more or less independent regional regimes would come into existence. The Communists could enter into separate negotiations with the leaders of these local regimes who would be forced to deal with them in order to preserve, if only temporarily, some vestige of their personal power.

If, upon the removal of Chiang, a leader or group should emerge with sufficient political and military backing to unite the diverse elements of the Kuomintang into an effective successor Government, negotiations for peace might follow. Such negotiations would be colored by the fact that the new National Government would probably be in an even weaker bargaining position than the present Government under Chiang. In the negotiations, the Communists might satisfy themselves initially with either a territorial settlement or a controlling position in a "coalition" government. Although the former type of settlement would afford the Communists legal recognition of the areas they now occupy and permit them to consolidate their administration and reconstruct these areas, it would by no means satisfy the ultimate aspirations of the Chinese Communist Party. A territorial settlement would, therefore, be honored by the Communists only so long as it was to their advantage.

The ultimate goal of the Communists would be better served through the inclusion of that Party within a "liberal front" coalition government. In such a government the Communists would obviously have a powerful, if not a dominating, voice. They could force through a new National Assembly a new or revised Constitution and a new election, all of which would aid them in seizing virtual control of China.

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SECTION 3

ORE 77-48

Chinese Communist Capabilities for
Control of All China

10 December 1948

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DATE: MAY 2004

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CHINESE COMMUNIST CAPABILITIES FOR CONTROL OF ALL CHINA



ORE 77-48

Published 10 December 1948,

CENTRAL INTELLIGENCE AGENCY

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CHINESE COMMUNIST CAPABILITIES FOR CONTROL OF ALL CHINA

SUMMARY

The rapid disintegration of the Nationalist Army indicates that organized resistance to the military forces of the Chinese Communist Party will probably cease within a few months. When there is no further Nationalist resistance directed from a central headquarters, Communist forces will proceed at leisure to the reduction of anti-Communist forces in Inner Mongolia and South and western China.

The Communists are not, as yet, officially advancing a program of radical reform. Their measures in newly acquired territory have been moderate and conciliatory, gaining them increased popular support. The Communists have exploited the hopeless economic situation in North and Central China to the point where any Communist program appears more desirable to the people than a Nationalist survival.

A Communist-dominated government will probably come to power as a result of what is in effect the surrender of the National Government. This government will probably be proclaimed as a "coalition," and it will include many non-Communists, among them members of the present National Government. As a "coalition" it will have the advantage of not necessarily forfeiting international recognition. It is almost certain, however, that Communist officials will dictate the policies of such a government.

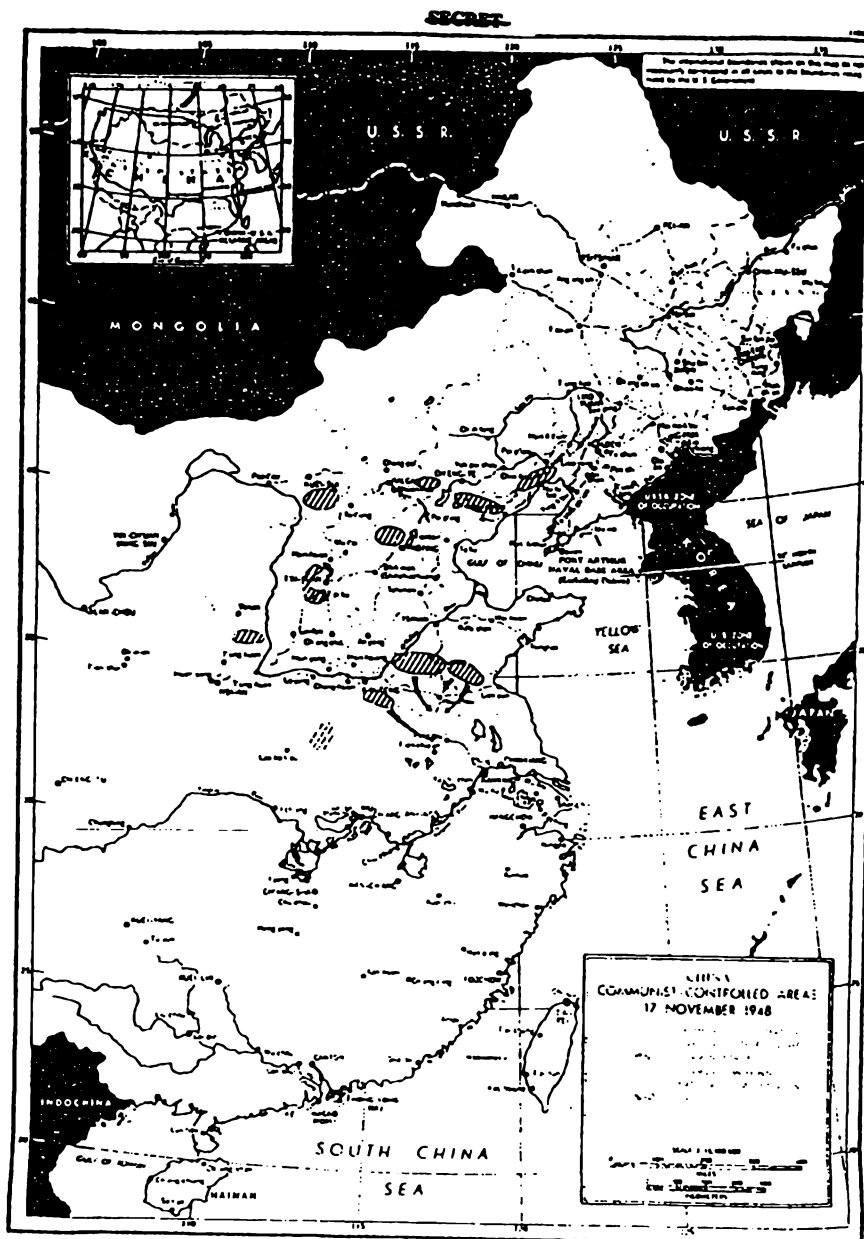
There is no doubt that the Chinese Communist Party has been and is an instrument of Soviet policy. While there is no guarantee that the USSR will always find the Chinese Communists dependable, there appears to be no chance of a split within the Party or between the Party and the USSR until the time of Communist domination of China.

Note: The information in this report is as of 1 December 1948.

The intelligence organizations of the Departments of State, Army, Navy, and the Air Force have concurred in this report.

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~~SECRET~~**CHINESE COMMUNIST CAPABILITIES FOR CONTROL OF ALL CHINA**

This paper assumes that the intention of the Chinese Communist Party is to gain absolute control of all China. It is the purpose of this paper to determine whether the Chinese Communists are capable of so doing.

The Military Phase

The strength and the tactical success of the Chinese Communist Forces have been the chief instruments in the ascent of the Communist Party, and will continue to be so until all organized resistance by the Nationalist Army has been overcome. As the Nationalist Army is the major obstacle to that ascent, the mission of the Communist Forces will be to proceed with the annihilation of the Nationalists' vital strength. The Communist Forces, through extremely able use of available human resources, through support (derived or extracted) from the populace in Communist-held areas, and through a clever use of propaganda, have overcome initial limitations in the materials of war and have reached or exceeded parity with the Nationalists in numbers, weapons, and equipment. The Communists' greatest advantage over their opponent is found in this expert exploitation of human resources, and their prospect of eventual victory rests upon that ability.

a. The Human Factor.

High morale and excellent leadership, repetitive and finally credible propaganda themes, plus a well-developed sense of purpose, have elevated the once materially weak Communist Forces to their present position of superiority in the civil conflict. The morale of the opposing Nationalists is excessively low, and is reflected not only in a marked preference for passive tactics but often in a wholesale refusal to fight. Entire armies surrender *en masse*, and even those units which choose to fight often find that the defections of neighboring units have rendered their position tactically untenable. As continued resistance appears pointless, and as Communist propaganda emphasizes this, the defenses soon collapse. Further, the loss of such defense centers as Chin-hsien, Mukden, or Tsinan, has the same effect in an over-all strategic sense as do local defections in a tactical sense.

Communist propaganda is aimed both at strengthening internal Communist morale and at weakening the morale of National Government supporters. A simple theme, constantly repeated—things are better under the Communists—creates in time, and under the proper circumstances, a conviction in the minds of the Nationalist officers and men that this is true. The Communists have offered equivalent grades to those who "come over"; they offer food as a lure; they reiterate the essential brotherhood of all Chinese and the futility of internecine warfare (especially the futility of continued resistance to the Communist tide); they point out corruption and discrimination within the Nationalist Forces; in fact there is, in Communist propaganda, something for everybody. It is effective, for the will of the Nationalists to resist has been

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so weakened as to make highly improbable any continued effective resistance over a significant period of time. The insidious effects of the Communist Fifth Column and the obvious superiority of Communist intelligence, contribute heavily both to the Communists' military and political successes. Nationalist counter-efforts in each of these fields have been puerile failures.

b. The Material Factor.

It is estimated that the strength of the Communist Forces is about 1,500,000, the great majority being combat effectives. In addition, they possess a strategic reserve. They are opposed by slightly over a million Nationalists, the great majority of whom will offer only token resistance before defecting to the Communists. It is unnecessary for the Communists to integrate the growing number of Nationalist renegades into their army inasmuch as present Communist combat forces are sufficiently large to fulfill their mission; if they were to absorb large numbers of defected Nationalist Forces, they would probably dilute their real strength. In addition to their first-line troops, the Communists can, when necessary, call upon the combat services of some 2,000,000 irregulars, whose indoctrination, from the Communist viewpoint, is superior to that of disaffected Nationalists.

The Communists' logistic position is such that they now have a marked advantage over the Nationalist Army. The former, with Japanese, Chinese, and US arms garnered from a variety of sources, can now outgun the latter at almost any point. As neither combatant can supply itself from current arsenal production, each must remain dependent upon outside supply. The US has supplied, and again is supplying, arms and ammunition to the National Government, while the chief source of supply for the Communist Forces remains the capture of matériel from the Nationalists. The USSR allowed the Communists to take over the large stocks of the Japanese Kwantung Army in Manchuria (which matériel is probably only now running out), and even now may be extending them technical advice, but no concrete evidence exists to support the contention that the USSR is currently supplying Japanese or Soviet matériel to the Chinese Communists.

The Communists control the great majority of the rural, food-producing areas of North and Northeast China, and are thereby enabled to employ food as a weapon in the civil contest. Shortages of food, later starvation, in Nationalist-held cities, surrounded and cut off from the normal sources of food, play an important role in their eventual capitulation. By making effective use of all means of transport available to them, and by conditioning tactics to their limitations in this regard, the Communists have enjoyed a relative advantage in combat supply. More recently the railways of Manchuria have lent the Communists a new and apparently devastating mobility and striking power. Nationalist transport has, on the contrary, gone from bad to worse, and is now reduced to short stretches of highway and railway within or leading into the combat areas. These truncated channels are supplemented by waterborne and aerial transportation, which are, though inadequate, the most important available to the Nationalists.

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The Nationalists possess the only extant navy and air force, and thus enjoy certain limited tactical advantages. The Nationalist Air Force, however, has shown itself to be an ineffective organization in the fields of bombing and fighter support. In addition, shortages of almost all materials required to operate an air force have reduced the Nationalist Air Force to a primary function of transport.

c. Strategy and Probable Future Trends.

A shift in the Communist tactical emphasis has paralleled the growth of its army. At first tentatively, but lately with assurance, the Communists have assaulted large, comparatively well-defended cities. Although this has produced a portion of the Communist Army, which, departing from the traditional Communist concept of guerrilla warfare, is probably capable of taking any Nationalist-held city, there remains a considerable section of Communist units still operating primarily along guerrilla lines. The latter groups will be principally employed in the initial phases of any new operations. The assault troops will undertake to reduce Nationalist-held pockets which have been encircled and are about to fall. Communist strategy will continue to invite Nationalist defections and will probably be highly successful.

At present the principal areas of Nationalist resistance are in the Tientsin-Kaigan area of North China, and the Central China area around Hsuehou. Greatly superior Communist forces are moving into position to attack the former region, while a strong Communist drive in the Hsuehou area is well under way. This drive, which threatens to engulf all Nationalist units in the area and open a clear pathway to lightly defended Nanking, might well prove the *coup de grace* to organized resistance by the Nationalist Army. Other areas of Nationalist resistance, at Sian, Kueisui, Talyuan, and Hankow, are now being reduced or can be reduced later without much difficulty by the Communists. There are no effective Nationalist forces, nor are there any local troops that could successfully resist the Communists, in South, Southwest, or West China, and it can be assumed that the extension of Communist authority into these areas will inevitably follow the termination of organized military operations by the Nationalist Army.

The Economic Phase.

The Chinese Communist Party will not be faced with any economic problems which in scope or kind will prevent it from attaining its immediate military and political goals. As the military program of the Communist Army nears completion, and the islands of Nationalist resistance are reduced, the pattern of the Communist economy will gradually develop from a loose federation of relatively self-sufficient and economically independent regions into a structure with increased integration and interdependence.

a. Agricultural Factor.

The food situation, in areas occupied by the Communists, will not be serious. Although agricultural prospects are not favorable, the food situation in Communist areas should not be worse than it has been under the Nationalists. Insect plagues in

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southern Manchuria have reduced the normally large grain surplus from Manchuria, but the outlook for North China is good, and production should be close to that of prewar. In North China there will be, as always, a few famine areas, notably in parts of Shansi and the flooded areas of the Hual River and the Hungtze and Weishan Lakes, but this may be partly overcome by moving food from areas of more adequate production. The unification of the economic regions of North China may have an immediate salutary effect on the distribution system which formerly linked the farmers and the numerous small towns dotting the North China plains. The problem of feeding the large cities which have come under Communist control, or which will fall to the Communists in the near future, will be offset by possession of through rail connections which will permit transportation of food from surplus areas. While the obligation of feeding these additional cities will strain the Communists' food resources, the standard of living in the cities will probably not be reduced under Communist rule.

d. The Industrial Factor.

The Chinese Communists have thus far exploited the resources and industry of Manchuria only to a limited extent, and further rehabilitation of transportation, mining, and industry in Communist areas will probably prove difficult. There has been no large-scale resumption of the heavy iron and steel industry once built up in this region. With the exception of a few consumer items, such as textiles, the present limited production of small-scale home industries, augmented by the smuggling of goods from Nationalist areas, apparently meets the immediate needs of the Communists' economy.

North China would have a possible excess of industrial capacity over the Chinese Communists' immediate requirements if the Communists acquire control of the large textile and other industrial installations in North China cities; textile shortages in Manchuria could thus be eased.

By capturing Tainan and Mukden intact, the Communists have gained possession of large industrial installations and stocks of raw materials and finished goods. This may establish a precedent, and, if Tientsin or other large cities fall to the Communists, the industrial installations, power plants, and railway networks may be taken over by them in a comparatively undamaged state. In attempting to rehabilitate the industry of newly won areas, the Communists will necessarily be faced with the problem of replacing worn-out machinery and equipment, but in the immediate future, all of the Communists' industrial needs can be met even with the plants in their present under-maintained and obsolete condition. The Communists will not be faced with any large-scale shortages of skilled personnel, for most of the technicians operating Nationalist factories probably can be induced to stay on the job under a Communist regime.

The large arsenal at Mukden has fallen to the Communist Forces and will add to the Communist military potential. Furthermore, the Communists have acquired such a vast stock of weapons and equipment in their capture of Nationalist military units that, even without the arsenal, the Communist Forces would have an adequate supply of munitions.

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There is no shortage of coal in Manchuria, mining capacity being well in excess of requirements for power plants, railroads, and fuel. When the Kailan mines (north of Tientsin) fall into Communist hands, there will be a surplus of coal over and above Communist domestic requirements in North China.

The transportation system in North China and Manchuria, although under-maintained and in most cases seriously deteriorated, will be of great benefit to the Communists in their consolidation of the areas of North and Northeast China. Through rail routes are already in operation, and several more seem about to be. In addition, the capture of the North China ports might give the Communists a number of small vessels, totaling perhaps 100,000 tons, which would provide adequate shipping for coastal requirements.

c. Possible Future Trends.

A basic advantage which the Communists possess derives from the fact that the economic situation under the Nationalists in North and Central China has so completely deteriorated that any change for the better, no matter how slight, will afford the Communists great psychological benefits. By re-establishing normal relationships between the major cities of North China and Manchuria and their surrounding countryside, the wartime barriers to trade and communication will be eliminated, and the Communists' opportunity for consolidating their gains in this part of China will be immeasurably advanced.

The Political Phase.

In the period during which the Communist political effort will be parallel to, and dependent upon, the military effort, the Chinese Communist Party will simultaneously: (a) consolidate its control over areas which it already occupies, (b) prepare to administer areas which will presently be under its control, and (c) continue to erect a framework for a Communist-dominated government for all of China.

a. Consolidation of Control.

Within China, the Communist Party has derived its principal popular support from the peasant masses, and to a lesser extent from industrial workers and urban intelligentsia. The Communist Party has skillfully exploited three major and genuine grievances: peasant misery, affronts to national sovereignty, and the corruption and ineptitude of the National Government. By carrying out, on a larger scale than has the National Government, such basic agrarian reforms as redistribution of land and reduction of rent and taxes, the Communist Party apparently has demonstrated, to the majority of the populace in Communist-controlled areas, its practical superiority to the National Government. The promise of the CCP to defend China against foreign aggression has in some quarters been received with favor, despite the Chinese Communists' affinity with the USSR. The character of the National Government, a government which not only has not solved but has refused even to attack the basic economic and political problems of China, has of course been a major asset to the Communists. The peasant masses have never supported the National Government

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and do not now resist the advances of the Communists. The latter are, furthermore, attracting increasingly large numbers of urban workingmen, businessmen, intellectuals, and officials.

The various areas of China occupied by the Communists have in the past been administered through the Central Executive Committee of the Chinese Communist Party; this body does not, however, fully perform the functions of a central government, and unconsolidated areas are apparently permitted to exercise some degree of administrative autonomy. About three months ago the Communist Party proclaimed a "North China People's Government," formalizing the previous unification of two northern border region governments. This North China government may be the prototype for a number of other "People's Governments," to be formally established elsewhere in China as rapidly as the Communist Party consolidates its control. It is further possible that these various regional governments will be administered by a central government, but public proclamation of such a government would not be necessary to the Communist plan for effecting a "coalition" with other dissident groups and various elements of the present National Government. In the meantime, it is probable that the various regional governments will be permitted to pursue policies best adapted to the particular area.

b. Preparations for Control.

At present the Communists are pursuing a policy of moderation both in the areas which they control and toward the areas which they are preparing to control. Before Communist Forces enter a besieged city, the Communist Party promises to cooperate with businessmen, landlords, and Nationalist troops, and appeals to the people of the city to maintain order, preserve the governmental apparatus, and remain on the job; the Communist Party promises that it will be lenient with all elements which "cooperate" with it. These tactics appear to indicate that the Communists, because they lack trained personnel, must rely in part upon Nationalist urban administrations, but in any case this practice enables the Communists to control any given city rapidly and to administer it efficiently. Political officers accompany Communist troops into the city; the military administration is replaced by a civil body as soon as practicable. The maintenance of order and the restoration of the municipal government and economy, can be presented by the Communists as a favorable contrast to the disorder and confusion which preceded its entry and which exist in many Nationalist-occupied cities not yet threatened by the Communists. The Communists even claim that they will protect the interests of private industry so long as such industries "cooperate." The Communists lack experience and personnel for the operation of large industries, and they are apparently willing, temporarily, to accept assistance from any quarter. Thus the above claim certainly encourages propertied elements in their hope of survival in health under a Communist government. It is highly probable, however, that the Communist will assume complete control of all enterprises when they are prepared to do so.

The Communist Party also is following a moderate policy toward rural areas. The practice of outright expropriation of land, liquidation of landlords, and terroriza-

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tion of the populace as a whole, has been officially condemned by the Communist Party as "extremist." Agrarian reform, especially in areas occupied by the Communists in the past several months, has apparently become cautious and gradual. The program of rapid agrarian reform in Central China has been postponed indefinitely; at present, only the reduction of rent and interest rates is being effected. The Communists claim that the peasant masses are not yet "ideologically prepared" for a swift and complete reformation. This is apparently an admission that the Communist Party faces real problems in consolidating its control, but it also means that, by pursuing a moderate policy, the Communists will considerably broaden their support in rural areas.

c. Government for All China.

In planning for a government for all of China, the Communist Party must choose one of the following alternatives: (a) to establish a "coalition" government in the area which it already controls, this government to include the various Communist regional governments, with the anti-Nationalist Kuomintang Revolutionary Committee (KMTRC), the Democratic League, and other dissident groups; or (b) to continue to plan, together with the above groups, a government which will proceed toward control of all of China, and which will probably be proclaimed as a "coalition," to include elements of the National Government. (It is not necessary that the Communists proclaim a "coalition"; but it would probably appear to them desirable.)

It does not seem likely that the Communists will choose the first course cited above. A premature "coalition" government, merely with the KMTRC and Democratic League, and merely in areas already held by the Communists, would have few positive advantages, and the great disadvantage of necessarily forfeiting international recognition. In addition, it is probable that the Nationalists will soon have no alternative to that of attempting to negotiate with the Communists, perhaps through the good offices of the USSR, for a "coalition" government for all of China, such "coalition" to be dominated by the Communists.

It is probable that a Communist-dominated government will come to power as a result of, perhaps at the time of, what is in effect the surrender of the National Government, but that the new government will be proclaimed as a "coalition," which would not necessarily forfeit international recognition. This government will include representatives of the KMTRC, the Democratic League, and elements of the present National Government. It is quite possible that the Communists will prefer to have a non-Communist as titular head of the government, and to have non-Communists as titular heads of a number of departments of government; but it is almost certain that genuine authority, at every level of the government, will in time be exercised by the Communist Party alone.

The subsequent relations of the Communist-dominated "coalition" government with the USSR and the US will be a matter of considerable complexity. In accordance with the present strategy of the Soviet-directed international Communist movement, the Chinese Communist Party presents itself to Chinese primarily in terms of national interest, rather than in its role in the international Communist movement. The pol-

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icy of both the Chinese Communists and the USSR, moreover, in emphasizing the former's positive achievements in China, has been extremely effective, in that only a small proportion of Chinese realize fully the implications of a Soviet-oriented Communist government. The Communist Party shares with the USSR a common ideology, a common political organization, common strategies and techniques, and, at present, a common goal. The Chinese Communist Party has never publicly deviated from the Soviet Party line, has never publicly criticized any Soviet action or representative, and has never publicly given any indication whatsoever that it could be oriented away from the USSR and toward the United States. It is certain that the Chinese Communist Party has been and is an instrument of Soviet policy. While it is not certain that the Communist Party is or will be an absolutely reliable instrument, there appears to be no chance of a split within the Chinese Communist Party or between the USSR and the Chinese Communists, until at least such time as a Communist-dominated government of China comes to power.

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SECTION 4

ORE 29-49

Prospects for Soviet Control
of a Communist China

15 April 1949

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APPROVED FOR RELEASE
DATE: MAY 2004

PROSPECTS FOR SOVIET CONTROL OF A COMMUNIST CHINA



ORE 29-49

Published 15 April 1949

CENTRAL INTELLIGENCE AGENCY

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PROSPECTS FOR SOVIET CONTROL OF A COMMUNIST CHINA *

SUMMARY

It is the intention of the Soviet Union to advance toward its goal of eventual world domination by adding to the Soviet orbit the enormous territory and population of China, and by employing China to facilitate Soviet expansion into other Far Eastern areas.

A coalition government formed by the Chinese Communists, while representing a temporary tactical maneuver, will contain no elements capable of offering real opposition to the Communists.

A moderate Chinese Communist policy toward small business proprietors, landowners, and peasants will help to gain popular support, at least until the government feels strong enough to launch into the more vigorous phases of communization.

The Communist timetable in China will be flexible and will be influenced by internal conditions in China generally, as well as by the international situation. The complexities of ruling a country like China will, undoubtedly, retard the consolidation of Communist control, but these complexities in themselves probably cannot, in the long run, prevent it.

The Chinese Communists will support Soviet foreign policy by diplomatic moves calculated to embarrass the Western Powers, by blatant anti-Western propaganda, and by assistance to the Communist parties and nationalist movements of Asia.

Foreign loans which involve no political commitments will be negotiated by the Chinese Communists wherever possible, and foreign trade (under state supervision) will undoubtedly be continued with non-Communist countries. This policy does not imply permanent benevolence toward foreign business interests in China.

The Soviet Union will attempt to use the CCP as its chief instrument to consolidate control over China as it has successfully used the various national Communist parties of Eastern Europe. The strong influence exerted by the Soviet Union over the Chinese Party has been variously revealed and provides ample indication that the present leadership of the Chinese Communists identifies itself solidly with international Communism as promulgated by Moscow. The Kremlin will endeavor to prevent possible cleavages in the Party leadership from jeopardizing eventual Soviet control over China.

The present Sino-Soviet Treaty can be directed at the US and its allies, and other agreements may provide for a high degree of economic and military integration between the USSR and China. At the same time, in accordance with its strategy of creating on its borders easily dominated political entities, the Soviet Government will probably press for political autonomy in all present Chinese border areas adjacent to the USSR.

Note: The intelligence organizations of the Departments of State, Army, Navy, and the Air Force have concurred in this report. The information herein is as of 12 April 1949.

* This paper discusses a pattern of developments which should become apparent prior to 1951.

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It must be emphasized that the process of consolidation of Soviet control over China will unquestionably encounter considerable difficulty, in view of the many potential points of conflict between the USSR and the Chinese Communists, e.g., the issues of US aid, control of peripheral areas, control of assistance to Communist movements in other Far Eastern areas, and the subservience which Moscow will undoubtedly demand of the CCP. While some opposition to Moscow control probably exists in the CCP, for such opposition to be effective the dissident groups must wrest the control apparatus from the pro-Moscow leadership, or that leadership itself must change its policy toward Moscow. Until evidence is available that an effective opposition is developing, it is concluded that the CCP will remain loyal to Moscow.

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SECTION 5

ORE 45-49

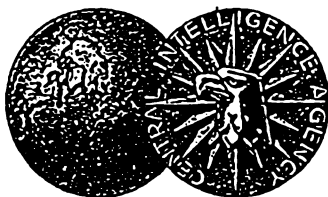
Probable Developments in China

16 June 1949

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APPROVED FOR RELEASE
DATE: MAY 2004

PROBABLE DEVELOPMENTS IN CHINA



ORE 45-49

Published 16 June 1949

CENTRAL INTELLIGENCE AGENCY

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PROBABLE DEVELOPMENTS IN CHINA

SUMMARY

Introductory Note: The purpose of the following discussion is to present probable developments in China which will affect US interests during the next six to twelve months.

1. Communist military forces are capable during the summer months of 1949 of destroying all semblance of unity in the National Government of China; and before the year is out, the Communists will have formed a central government which will seek international recognition.

2. The US cannot reverse or significantly check this course of events, nor is there any prospect that the Soviet orientation of the Chinese Communists can be altered in the immediate future. However, during the coming months, developments in China will raise a number of problems on which the US may either take action advancing, or avoid action compromising, its interests in China and elsewhere. Chief among these are the formation of a Communist central government claiming international recognition, Communist aims regarding Taiwan and Hong Kong, the Communist need for foreign trade, and US aid to anti-Communist groups in China. In addition, US interests probably will be affected adversely by the expansion of Communist influence throughout the Far East, particularly if a Chinese Communist regime gains seats on the Far Eastern Commission and the Allied Council for Japan, and acquires China's claims regarding a future Japanese peace treaty.

3. The government to be organized by the Chinese Communists will be proclaimed as a "coalition," but actually will be a Communist dictatorship. In foreign affairs the Communists during the coming months will continue to be solidly aligned with the USSR. The new regime will honor the Sino-Soviet Treaty of 1945 and its attitude in international relations will be governed by the Moscow line. It will probably maintain an unfriendly attitude toward the US in particular and all other governments that impede the world Communist movement, as well as denounce China's existing international agreements with those governments.

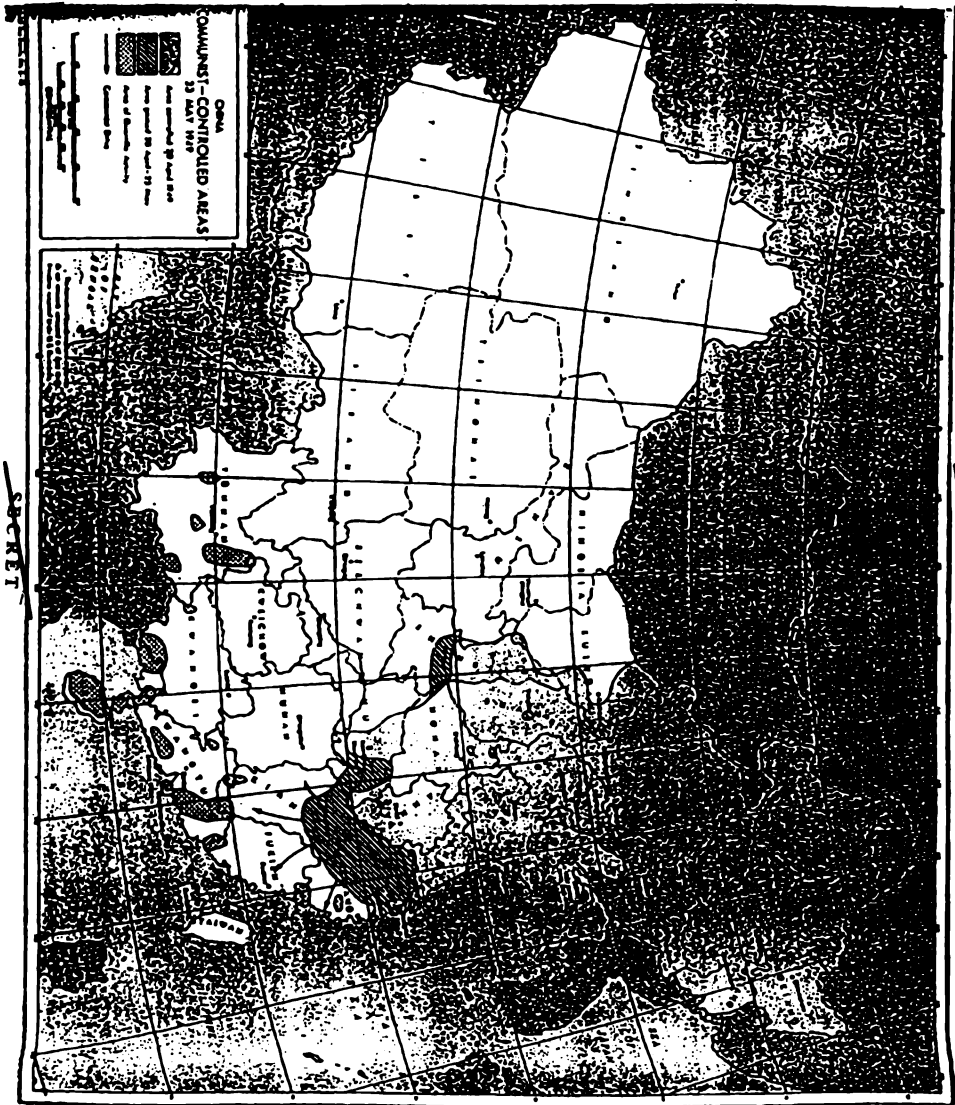
4. Communist armed forces, now decisively superior to the Nationalists, will continue their program of area-by-area acquisition. They are capable of eliminating all effective military resistance in the south, southwest, and northwest by the end of 1950.

5. The Chinese Communists will probably not be faced with serious food shortages during the next year. Some progress will be made in reviving transportation and industry, and the Communists will have a relatively stable currency. The Communists' principal economic problem in the coming months will be that of acquiring petroleum, machinery, and perhaps cotton. There is little prospect of substantial Soviet aid, and domestic resources must be supplemented by these essential imports. Therefore, China's economic recovery during the next year will probably depend on active Western trade and close ties with occupied Japan.

Note: The intelligence organizations of the Departments of Army, Navy, and the Air Force have concurred in this report; for a dissent of the Intelligence Organization of the Department of State, see Enclosure A, p. 21. This report contains information available to CIA as of 2 June 1949.

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PROBABLE DEVELOPMENTS IN CHINA

Introductory Note: The purpose of the following discussion is to present probable developments in China which will affect US interests during the next six to twelve months.

1. Imminent Problems for the US Arising out of Developments in China.

The Chinese Communist armies have the capability, during the summer months of 1949, of completing their campaign in the Yangtze Valley, from the eastern border of Szechwan to the sea, and of dislodging the Nationalists from Canton and other ports on the southeast coast during this same period. Their military operations in this period will destroy all semblance of unity in the present National Government, the remnants of which will seek refuge in Taiwan, southwest and northwest China, or in flight abroad. In late summer or early autumn, the Chinese Communist Party will convene a Political Consultative Conference to form and proclaim a Communist-controlled government for all China before the end of 1949. At that time, Communist China will contain more than half of China's people, and, if not more than half of China's territory, at least the larger part of its most productive areas. The Communist Government then will seek recognition as the national government of China.

The US cannot reverse the course of the Chinese civil conflict nor induce the Chinese Communists to modify their intention to establish a Communist dictatorship over China. Also, there is no prospect that the US can alter the Soviet orientation of the Chinese Communists in the immediate future. During the next few months, however, there will be a number of developments in China affecting US interests such as: (1) possible incidents involving US armed forces, officials, and nationals; (2) sharpening of the Communist-Nationalist struggle for Taiwan, where US strategic interests are involved; (3) Chinese Communist designs on Hong Kong and Macao; (4) US aid to anti-Communist groups in China; (5), the

Communist need for foreign trade; (6) the establishment of a Communist central regime seeking international recognition; and; (7) the expansion of Chinese Communist influence throughout the Far East.

It is known that the leaders of the Chinese Communists desire international recognition for their regime, and that they also desire commercial relations with the West and with Japan. These facts may permit the US, in the course of the next several months, either to take action advancing or to avoid action compromising certain of its interests in China and elsewhere in the Far East.

a. Possible Incidents.

In firing upon British warships in the Yangtze, the Communists demonstrated that they are prepared to risk reprisals in order to substantiate their promise to protect China from "imperialist aggression." The Chinese Communist Party (CCP) undoubtedly gained face within China and elsewhere in Asia by this action, and it is possible that the Communists will again take advantage of any opportunities which arise for military action against foreign armed forces. The opportunities for local incidents involving foreign officials and nationals have become much more numerous with the CCP occupation of major cities—as suggested by the forced entry of the US Ambassador's residence by Communist soldiers during their occupation of Nanking. Incidents involving the mistreatment of foreign nationals and the destruction or seizure of foreign property are likely. If the Communist regime should request, and be refused recognition, it is highly probable that such incidents will multiply, with CCP connivance. If the US should extend further support to the Nationalists, such incidents can reach serious proportions.

b. Taiwan.

There is no doubt that the CCP desires to extend its control over the island of Taiwan.

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where Chiang Kai-shek is preparing for a last stand, hoping to survive until reinforced by the US at the outbreak of a world conflict which he believes inevitable. The Communist-Nationalist contest for control of the island will become more sharply drawn in the near future, when Chiang Kai-shek and his Nationalist followers will be forced to establish headquarters there.

The CCP is not capable, at the present time, of successfully undertaking an amphibious operation against Taiwan. In the next few months, however, the CCP will not only acquire the mainland coastal ports and shipping to make such an operation possible but also will be able to infiltrate the island, attempt to subvert Nationalist officials there, and exploit the widespread native resentment of Nationalist rule. These developments will improve CCP chances of taking control of Taiwan. The Communist-controlled regime certainly will assert sovereignty over Taiwan, and the leaders of Taiwanese native groups in time may support them in that claim. While civil disorders on Taiwan will probably not be sufficiently serious to wrest the island from Nationalist control, any insurrection which develops on Taiwan is likely to further the purposes of the CCP. There is a prospect of lengthy propaganda warfare, with increasingly successful subversion of Nationalist officials and armed forces, and increasingly damaging civil disorders, which may set the stage for Communist military occupation.

US economic and military aid, short of armed intervention, would probably not significantly assist the Nationalists in holding Taiwan, any more than such aid has helped the Nationalist cause on the mainland of China. Taiwan's economic problem is principally that of Nationalist inefficiency in management, not deficiency in resources; and extensive stocks of military equipment are already stored on the island. Furthermore, such an aid program would make it difficult, if not impossible, to establish normal diplomatic and consular relationships with the Communists, in the event that the US should decide on a policy of recognition of a central government established by the Communists on the mainland.

c. Western Possessions of Hong Kong and Macao.

Although Hong Kong, under British control, offers Communist China certain advantages in foreign trade, nationalistic sentiment will almost certainly impel the CCP to press for the return of this colony, as well as Portuguese Macao. The British Government, determined to defend Hong Kong against a possible Communist military assault, is dispatching considerable reinforcements to the colony, thus reducing its capability to meet military commitments in Europe and elsewhere and to maintain a strategic reserve in Great Britain. In addition, the UK is seeking at least moral support from the US for its Hong Kong defense plans. However, Communist military action against Hong Kong and Macao, while possible, is not likely. It is more probable that one of the early acts of the Communist regime will be that of initiating discussions with the British and Portuguese governments in regard to the transfer of authority in Hong Kong and Macao. If the UK and Portugal should withhold *de facto* recognition from the Communist Government, or in some other manner refuse to enter into such negotiations, the CCP will retaliate. The CCP, which presumably does not fear Portugal, may choose to exert military pressure on Macao, as well as to work through the Communist underground. In Hong Kong, rather than taking military action, the CCP will probably choose to operate through the strong Communist underground, which already constitutes a serious threat to the colony and which will become increasingly active. The Communists could cripple Hong Kong by fomenting strikes in transportation and communication facilities, could restrict or cut off food supplies from the Chinese mainland, could sabotage water supplies, could resort to unrestricted piracy against shipping, and could create an exchange rate between the currencies of Hong Kong and Communist China to weaken the economy of Hong Kong. The eventual return of Hong Kong to China, thereby depriving the UK (and indirectly the US) of a valuable but vulnerable Far Eastern naval base, appears probable, but not within the calendar year of 1949.

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d. US Aid to Anti-Communist Groups.

The US is the best available source for the small arms, artillery and ammunition desired by the remaining anti-Communist forces, and it may be anticipated that such forces, individually or in the name of the National Government, will appeal to the US to supply such materiel. However, major anti-Communist forces controlled by Chiang Kai-shek, Chang Chun, and the Moslem leaders of the north-west, Ma Fu-fang and Ma Hung-kuei, even now are located either off the mainland or in the peripheral areas of China. In addition, there is some doubt as to whether any of those forces, except those of the two Mas, could usefully employ further US aid. Chiang's forces on Taiwan already have extensive military and economic resources. Chang Chun's forces in Szechwan do not need economic aid. Moreover, it is improbable that military aid to these forces can prevent the Communists from extending their control over Szechwan at any time they choose to do so.

The Mas of the Northwest (the provinces of Ningxia, Kansu, and Tsinghai) with the advantages of forbidding terrain, excellent organization, and hardy troops, are in the strongest defensive position of any of the remaining anti-Communist forces in China. Moreover, on the basis of past performance, the Mas, as compared with other anti-Communist groups, would make the most effective use of any aid which they might be given. However, their bases in the provinces of Tsinghai and Ninghsia are the most difficult to reach with US aid, which probably would have to be transported by air. The Northwest area is self-sufficient in food, and may hold out for several years even without US aid, either because the Communists will be reluctant to attack or will favor its development as a buffer against the expansion of the USSR into China through Sinkiang.

Overt US aid to anti-Communist forces in China would compromise the maintenance of normal diplomatic and commercial relations with the Communist-controlled regime, in the event that the US should choose to follow a policy of recognizing such a regime. Furthermore, US military aid to any anti-Communist forces other than the Mas, might well go the

way of the bulk of US aid supplied to the Nationalists in the past—to the Communists. Aid of the type and proportions extended hitherto to the National Government, at best, could delay but will fail to prevent the extension of Communist rule through all China.

A further consideration is the continuation of US aid to Nationalist China, as provided for in the China Aid Program. With Nationalist-held areas soon to be limited to Taiwan and the western provinces of China, it will be difficult to justify the US program on humanitarian grounds as aid to the Chinese people as a whole. Thus the US would become increasingly vulnerable to Communist propaganda, attacking the US aid program as designed solely to bolster and prolong resistance on the part of anti-Communist remnants.

e. Communist Need for Foreign Trade.

Communist import requirements provide the US with a possible weapon against Communist China. Depriving the Communists of essential imports would retard the rehabilitation of China and increase the economic difficulties that will confront the OCP. Some essential imports, chiefly petroleum products and items of capital equipment, can be obtained in quantity only from the US or UK. The USSR, without some sacrifices in its domestic economy, will be unable to supply many kinds of equipment, will provide inferior goods in other cases, and will probably make heavy demands on China in exchange for its assistance.

The controls to be used would probably not be effective if they were so severe as to be in fact an embargo. It is doubtful if the US could arrange for concerted support for an embargo among the Western Powers, and the Communists would gain sympathy and support within China by representing an embargo as "imperialist" persecution. Limited export controls on selected commodities such as petroleum and capital goods probably would be acceptable to the UK, which has the largest economic interests of any Western Power in China, and would probably serve US purposes just as well as a complete embargo.

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On the other hand, there are advantages the US may gain from free trade with Communist China. *Quid pro quo* concessions, such as regularization of the position of US consulates in Communist-held areas of China, might be obtained. The promotion of commerce between Communist China and Japan, furthermore, in addition to being valuable to China, would significantly assist Japan economically and thereby reduce the drain of US support of the Japanese economy.

1. The Communist Desire for International Recognition.

The Communist-controlled regime will seek international recognition as the National Government of China as soon as it is formed and proclaimed—an event which will probably occur near the end of 1949. The attitude of this regime toward the US will be unfriendly, if not frankly and actively hostile. For the purposes of this discussion, it is assumed that the US, when confronted with the Communist regime's request for recognition, will pursue one of three courses: (1) non-recognition, i.e., neither *de facto* nor *de jure* recognition for an indefinite period; or (2) immediate *de jure* recognition, which the Communists presumably desire; or (3) delayed *de jure* recognition, e.g., early *de facto* recognition, but a delay of several months to a year or more in according *de jure* recognition. The consequences of each of these three courses of action are estimated briefly below.

Obviously, the international act of granting or withholding recognition would not effect any genuine change in the ideological hostility of the CCP toward the non-Communist world. So long as the Chinese Communists regard the USSR as the leader of world Communism, and the USSR regards the US as its principal enemy, the conduct of the CCP toward the US will continue to be governed by the international Communist line, as promulgated by the USSR.

(1) Non-Recognition.

For the US to refuse recognition to a Communist China would entail a number of unfavorable consequences. There is no prospect that the Nationalists can be restored to authority over any large part of China; the Na-

tionalist leaders, their authority progressively restricted to their place of refuge, are doomed to exile or extinction. In addition, it is improbable that many foreign governments will withhold for a prolonged period recognition of the Communist regime in China; thus, the official representatives and private citizens of governments withholding recognition would find themselves at a disadvantage as compared with the nationals of governments extending recognition. Moreover, the Communist regime, strengthened by recognition by one or more major powers, would claim seats in the UN, other international organizations, and on the Far Eastern Council, and would be supported in its claim by members of such bodies. It is further probable that the Communist regime, if the US were to withhold recognition, would in turn refuse to regularize the position of US consulates in China, and would even force them out of China.

(2) Immediate De Jure Recognition.

Immediate *de jure* recognition of the Communist regime, which almost certainly is the CCP's objective, would avoid certain of the adverse consequences of non-recognition. The CCP presumably would be opposed to any international relations short of full *de jure* recognition, because mere *de facto* recognition would permit the Western Powers openly to support anti-Communist elements in China, and because *de facto* recognition has been associated in Chinese eyes with the 1911-27 period of warlordism. Immediate recognition, however, would not alter the basic hostility of the CCP toward the US, and might even encourage the Chinese Communists in their arrogant and intransigent attitude toward the US and toward other powers which followed the US lead, perhaps to the extent that they would follow the Soviet lead in restricting the number and location of US consular offices, particularly in Manchuria. In addition, immediate recognition would probably not cause the Communists to withdraw their threat to repudiate existing Sino-US treaties, or to refrain from obstructing US policies on international issues such as the Japanese peace settlement.

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(3) Delayed Recognition.

Should the US delay, for a period of several months to a year or more, in according *de jure* recognition to the Communist regime in China, some of the disadvantages of both non-recognition and immediate recognition might be obviated. Since the Communists are interested in obtaining *de jure* recognition as soon as possible, they might be inclined to discuss, and to reach some prior understanding with the US regarding present and future treaties and the number and location of US consular offices in China. This period would also afford other Western governments an opportunity to bring political and economic pressure on the Communist regime. Concerted action by Atlantic Pact powers, which have indicated a desire to maintain a common front, can be anticipated if the delay in according *de jure* recognition is not prolonged to the point where it would become inimicable to their interests. Through the period of a common front, however, there would always be the risk that other governments, seeking special advantage by early action, would proceed unilaterally to extend *de jure* recognition. The Communists can be expected to follow, and probably to improve upon, the traditional Chinese diplomatic practice of playing one power against another.

g. Chinese Communist Influence throughout the Far East.

The CCP has indicated its interest in uniting one billion Orientals in a Communist Asia. To this end, the CCP industriously propagates the view that Communism is inevitable in Asia, and that only the Communists are the champions of Asian "independence." The prestige of Communism will increase enormously as the CCP extends its control over all of China.

(1) Japan and Korea.

The CCP has stated that China and Japan "can and should establish close friendship" and has warned that Japan must conclude a peace treaty with a Communist-controlled government of China. The CCP is attempting to open trade with Japan, and the Japanese Communist Party echoes the CCP line that only "democratic" forces can successfully

conduct commercial and political relations with China. In Korea, the CCP's successes have contributed greatly to the confidence of the North Korean regime and to the feeling of defeatism in the Republic of Korea. Through its relationship with North Korean leaders, the CCP is capable of providing significant military and economic aid to North Korea. The opportunity of South Korean leaders to offset the development of such an adverse trend has largely passed and it now appears that South Korea can do little to forestall such a development. Recognition by the Western Powers of the CCP's regime would be to the advantage of Communist China both politically and economically, insofar as it permitted trade between China and Japan. *De jure* recognition would give the Chinese Communists further opportunity to claim seats on the Far Eastern Commission and on the Allied Council for Japan, as well as weaken further the position of the Korean Republic's government.

(2) Southeast Asia.

The CCP is extending its influence throughout Southeast Asia by identifying itself with native independence movements, by denouncing "reactionary" colonial governments, by threatening "fascist" non-colonial governments, and by promising protection to overseas Chinese communities. *De facto* recognition of the Communist regime by the Western Powers would tend to increase the political and economic influence of the CCP in Southeast Asia. To withhold *de jure* recognition would make the CCP's work in Southeast Asia somewhat more difficult, but the governments and the Chinese overseas communities in that area would pay little heed to such a legalism. The Chinese communities will tend to orient themselves toward the CCP as it acquires control of China although there may be significant resistance elements among the overseas Chinese. Likewise the governments in Southeast Asia will adjust themselves to these new circumstances, whether for accommodation or resistance. The CCP will probably not employ military force to gain its objectives in Southeast Asia and it has no significant economic resources with which to maneuver. Its success in China, however, will

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permit strong and unremitting political pressure on Southeast Asia.

2. Political Situation.

a. Communist China.

(1) Extension of Control.

(a) *Present Extent of Communist China.* Communist China now is divided into six administrative areas: (1) Northeast China, having an Administrative Council but as yet no "People's Government"; (2) Inner Mongolia with an Inner Mongolian Autonomous Government; (3) North China (Hopeh, southeast corner of Chahar, eastern Shansi, western Shantung) having a North China People's Government; (4) Central Plains (Honan, most of Anhwei, northeast corner of Hupeh) with a Central Plains People's Government; (5) East China (Kiangsu and eastern Shantung) with as yet no People's Government; (6) Northwest China (western Shansi, eastern Shensi, eastern Suiyuan, eastern tip of Kansu and Ning-sia) with as yet no People's Government. The Communists do not yet have a central government, so that whatever centralized control there is, is exercised by the Central Committee of the Chinese Communist Party, at present located in Peiping.

(b) *Intended Extent of Communist China.* In its New Year's Message for 1949, the CCP stated that its armies would cross the Yangtze in 1949 and that the Party would convoke a Political Consultative Conference to form and proclaim a Communist-controlled government. Without pretending that this government would actually control all China by the end of 1949, the CCP statement strongly implied that the new regime would nonetheless seek recognition as the national government. Subsequent statements have reiterated that it is the CCP's firm intention to extend its control over all China and to destroy all significant political and military opposition. The CCP has announced that, in the interest of preserving the manpower and material resources of the nation, it prefers to negotiate a peaceful transfer of military and political power wherever possible; but that the Communist armies are prepared to effect such transfer of power by military force where Na-

tionalist leaders and forces refuse to cooperate in a peaceful transfer of power.

(c) *Lack of Popular Resistance.* The resumption of the military offensive by the Communist armies has forced the CCP to offer the war-weary people of China some justification for this action. Before and during the April peace negotiations in Peiping, the CCP repeatedly accused the Nationalists of insincerity, at the same time claiming that the people of China did not desire an uneasy truce with the Yangtze as a boundary-line. In their order to continue the drive into South China, Chairman Mao Tse-tung and Commander Chu Teh again accused the Nationalists of negotiating only to gain time for a comeback designed "to destroy the revolution." Although no amount of propaganda can persuade the people of China that the Communists are everything they pretend to be, the bulk of the people in Nationalist China are probably not dismayed by the prospect of a change of government, and may even welcome the prospect of Communist rule, believing that it will bring a greater degree of security and a lesser degree of exploitation.

(2) Transfer of Political Authority.

(a) *A New Central Government.* Because the CCP has not formed or proclaimed a central government asserting authority over all of China, decisions on the question of international recognition of such a government thus far have been postponed. Diplomatic officials in Nanking and consular officials elsewhere in Communist China are regarded by the local Communist authorities as private citizens rather than as the representatives of their governments. This situation is likely to continue until the proclamation of a Communist-controlled government, at which time the question of *de facto* recognition will arise. For the next few months, the CCP will be absorbing large numbers of lower and middle echelon National Government personnel—by far the greater part of these officials stay on the job—thus avoiding a complete break in continuity with the old order. The CCP probably will take the stand that, if foreign powers wish to continue operations in China, either through official representatives or as private

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citizens, they must give at least *de facto* recognition to the regime.

(b) *The "Coalition" Pattern.* The CCP has promised to convolve a Political Consultative Conference in 1949 to form and proclaim a "coalition" government. The Kuomintang as a Party will be excluded from this new "coalition." The CCP has frankly stated that the intended "coalition" government will be "under the firm leadership of the CCP." The concept of "coalition" derives from the larger concept of Chairman Mao's "new democracy," the name given to the transitional stage from today's "capitalist" society to the later "socialist" society. In structure, the "coalition" will include three major blocs: (1) the CCP; (2) non-Communist "democratic parties" which follow the CCP line, such as the Democratic League and the Kuomintang Revolutionary Committee and; (3) "democratic elements," occupational and functional groups which invariably support the CCP's position. While this government will permit some degree of popular participation in the election of representative bodies, all real power will be concentrated in the CCP, whose function it is to "guide" the backward masses.

(c) *Political Consultative Conference.* The Political Consultative Conference will be the medium for creating a new constitutional system and for obtaining some degree of domestic sanction for the new regime, just as the Political Consultative Conference held in 1946 was a symbol of potential National unity. The Chinese Communist Party will convolve this Conference in its own name and in the name of minority parties and functional groups which follow the Communist line, probably in the late summer or early autumn of 1949, after they have consolidated their control of the Yangtze valley. It is not known whether the Conference will consist of a few dozen or several hundred persons; in either case, the Communists will control it firmly. The Conference will either draft and ratify a constitution, or, possibly working through a committee established for that purpose, draft a constitution and set a date for elections to a "constitutional convention." In the latter event, promulgation of the constitution and formal establishment of a constitutional gov-

ernment would be delayed until 1950. In any case, the Conference will simply be a rubber-stamp congress summoned to approve in the name of "the people" policies predetermined by the Communists while its constitution, formally providing for various rights, will, in fact, bestow no rights which the Communists cannot take away.

(d) *Domestic Sanction for the New Order.* In order to gain domestic sanction for the Communist-controlled regime, the CCP, in conjunction with the Political Consultative Conference, will probably exploit the alleged affinities of Communist doctrine and practice with the theories of Sun Yat-sen, generally regarded within China as the "father" of the Republic. The CCP claims that Sun's famous Three People's Principles—"nationalism, democracy, livelihood"—have been more closely followed by the Communists than by the Kuomintang. It points to Sun's advocacy, in the 1920's, of "alliance with the Soviet Union, alliance with the Communists, alliance with the workers and peasants." The CCP may also cite the 1924-27 period, when the Communists were admitted to the Kuomintang by Sun himself, and insist that only the CCP has truly carried out the terms of Sun's will by ushering in the constitutional stage of government which he demanded. The CCP will by no means defy Sun Yat-sen, but his tradition can be very useful in smoothing the Party's path.

(3) *Foreign Relations.*

(a) *Sino-Asian.*

(i) *Japan and Korea.* The CCP, in a broadcast attempting to influence the Japanese elections of January 1949, stated that China and Japan "can and should establish close friendship," and pointed out that Japan must conclude a peace treaty with a Communist-controlled government of China and establish economic and political relations with it. More recently, the CCP has been attempting to open trade with Japan. There is little doubt that China will exert economic pressure and political influence on both Japan and Korea, possibly with a view to subordinating those countries to itself in a Communist Asia. The CCP maintains close relations with Com-

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munist leaders in Japan and Korea, and there is reason to believe that at least some of those leaders are oriented as much toward Communist China as toward the USSR.

(II) *Southeast Asia.* In recent months, the CCP: (1) has told the Indonesian Republican leaders that they cannot succeed without Communist leadership; (2) has denounced the British and French governments for their activities in China, Malaya, and Indochina; and (3) has threatened retaliation against the "fascist" governments of the Philippines and Siam for "persecuting" overseas Chinese. Assistance to revolutionary movements throughout Southeast Asia, pressure upon the colonial governments concerned, and influence within overseas Chinese communities will certainly increase as the CCP extends its control throughout China and obtains international recognition of its "coalition" government. However, the extension of CCP influence in southeast Asia will not be unopposed, because of the deep-seated fear of "Chinese imperialism" in these countries.

(b) *Sino-Soviet.* Chinese Communist relations with the USSR should continue to be extremely cordial. In major policy statements of the past year, the CCP has endorsed the Cominform's denunciation of Tito, called upon "revolutionary forces" throughout the world to unite under Soviet leadership against "American imperialism" and promised that China will be the ally of the USSR in any West-provoked war. The CCP's tactical procedures have found orthodox justification in Lenin's and Stalin's expositions of the principles governing "colonial" revolutions, and the CCP is now bringing its policies more nearly into accord with those of more "advanced" revolutions. There are points of potential conflict between the USSR and the CCP—such as possible Soviet inability to assist in China's industrialization, Soviet designs in China's border regions, the CCP's intentions toward Communist movements in Asia, and the general issue of subversion to Moscow—but none of these issues seems likely to cause serious friction in the near future. The "coalition" government will certainly give the USSR preferential status in China, perhaps by expanding the Sino-Soviet Treaty of

1945—which the CCP has repeatedly endorsed—to provide for a high degree of military and economic integration between the USSR and China's border regions. For the present, CCP leadership appears genuinely to feel that China's best interests will be served by close Sino-Soviet cooperation.

(c) *Sino-US.*

(I) *"Traitorous" Treaties.* The CCP position, in regard to treaties concluded by the National Government since early 1946, has been that such treaties were concluded without the knowledge and consent of the parties—among them the CCP—participating in the Political Consultative Conference of 1946, and that the CCP therefore does not recognize their validity and "absolutely will not bear any obligation" for them. The CCP has stated that "all those (treaties and agreements) detrimental to the Chinese people and nation, especially those which sell out national rights, should be abrogated, revised or reconcluded, according to the circumstances." The Sino-Soviet Treaty of 1945 has been specifically excluded by the CCP from those treaties which "sell out national rights." The Sino-US treaties which the CCP regards as "traitorous" are those which provide for economic and military aid to the National Government and the stationing of US armed forces in China. The CCP view appears to be that, first, the post-1946 Sino-American treaties are "traitorous" simply because they were concluded with the US, the principal enemy of world Communism, and, second, that US economic and military aid to the National Government was employed principally in the struggle against the Communists. In addition, the CCP has indicated its intention of repudiating the existing Sino-US "Treaty of Friendship, Commerce and Navigation" (1948), on the grounds that this agreement is an instrument of US "imperialism" in China. In order to develop trade with the US, however, the CCP may come to see the desirability of negotiating a new agreement of this nature.

(II) *The US as an Enemy.* As the CCP has proclaimed the USSR as China's principal friend, the US has been portrayed with equal

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ferior as China's outstanding enemy. The CCP has represented the US as the leader and supporter of all "imperialist" and "reactionary" forces in the world, as forcing "traitorous" treaties upon China in exchange for financing the Nationalists in the civil conflict, as directing the military operations of the Nationalists and encouraging them to reject the Communist-dictated "peace agreement," and as plotting with forces inside and outside China to destroy the CCP and keep the Orient in permanent slavery.

While the CCP has understandable grounds for resenting the US contribution to the Nationalists' military operations, the CCP's present anti-Americanism is primarily dictated by the opposite CCP and US positions regarding the USSR and world Communism. US official representatives and private citizens in Communist China, although not subjected to physical violence, have been restricted in their movements and in the discharge of their consular, commercial, or educational functions, while the CCP is exploiting the US loss of prestige in China and enhancing its own prestige by an intransigent attitude toward the Western Powers. The "coalition" government will presumably invite US recognition and attempt to conclude commercial treaties with the US but the CCP can be expected to give aggressive support to Soviet and satellite diplomacy, to continue its vigorous and irresponsible anti-American propaganda, to bring pressure upon the US to withdraw its assistance to Nationalist remnants on Taiwan and to make the work of US diplomatic missions difficult. At present, there is little chance of orienting the CCP away from the USSR.

(d) *Other Foreign Relations.* The CCP has adopted an attitude toward foreign governments hostile in proportion to the degree that those governments are impeding the world Communist movement, regardless of whether such governments have or have not supported the Nationalists in the Chinese civil conflict. The fact that the UK has been of service to the CCP, in affording sanctuary and an operating base to CCP leaders in Hong Kong, did not restrain Communist forces from

firing upon British warships in the Yangtze. Neither will it prevent the CCP from demanding the return of Hong Kong to China nor will it obviate the possibility of giving support to terrorist bands operating against the British in Malaya.

The CCP undoubtedly intends to deprive Portugal of the colony of Macao, by negotiations, if possible, but by military action if necessary. The French Government has been denounced by the CCP for encouraging US "imperialism" in China and for its actions in Indochina. The Netherlands Government has been similarly castigated by the CCP in regard to Indonesia. All other Atlantic Pact states have been the targets of CCP propaganda abuse, both for joining the Pact and for other "reactionary" activities. India, which is probably recognized by the CCP as its principal rival for leadership in Asia, is characterized as remaining under the influence of British "imperialism."

Representatives of the Commonwealth countries and of a number of European governments in China have expressed a desire to become accredited to the Communist regime soon after it is proclaimed. These representatives would like to regularize their status by early recognition of the Communists in order to protect and perhaps expand their present interests in China. They have not regarded the prospect of applying economic sanctions to China with favor and they apparently anticipate profitable commercial relations with the new regime in varying degrees. At the same time, the governments of most Commonwealth and Atlantic Pact nations have admitted the desirability of maintaining a united front on the question of recognition.

b. *Nationalist China.*

Nationalist China is virtually bankrupt and the National Government is in its death throes. The process of disintegration and fragmentation is so far advanced as to render almost impossible the establishment of a functioning government or even a loosely organized coalition capable of offering resistance to the Communists.

The National Government no longer functions as an organized administration even on

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a regional basis. Since Chiang Kai-shek's retirement from the presidency in January, there has been little evidence of leadership or central direction of the Government. (Acting President Li Tsung-jen has little power and his effectiveness has been little greater than that of a well-meaning warlord.) The Executive Yuan has accomplished little for months; even the basic ministries are limping along ineffectually. The Legislative, Control and Judicial Yuan in Canton are rump organs with slight influence. Political power is largely in the hands of provincial or regional bodies. Taxation and other basic governmental functions are localized.

The Nationalist split into factions headed by Chiang and Li has hastened the process of disintegration and fragmentation. Although Chiang retired as President without resigning, he has continued to control armies, military and financial resources, the secret police, the party agencies, and many leading officials. Acting President Li nominally heads the Government, but, in his weakness and frustration, has done little else than conduct the abortive peace negotiations which ended on 20 April. The struggle between Li and Chiang is so intense that any significant rapprochement or compromise appears improbable. Li controls Kwangsi and has the support of Pui Chung-hai, various southern warlords, and many peace-seeking officials. He will probably continue his nominal leadership of the Canton Government until Communist military pressure compels Nationalist leaders to seek refuge elsewhere, at which time Li will probably try to maintain a government in Southwest China.

Chiang Kai-shek controls Taiwan and adjacent areas on the southeast coast, and has a diminishing influence in the southwestern provinces. Chiang has been transferring Nationalist resources systematically to Taiwan, which is being prepared as the final refuge to which many Nationalist officials in Canton will flee when the city is threatened by the Communists. Large numbers of refugees from mainland China are already in Taiwan and the provincial administration is headed by Chiang's appointee, General Chen Cheng. Although Nationalist rule is increasingly unpopular with the oppressed, unorganized na-

tive population, the Nationalists probably will be able to maintain a regional regime in Taiwan for at least the remainder of the year 1949. The major threat to their position will come from mainland Communist forces rather than from the local people.

As in the recent past, the National Government's foreign relations during coming months will be dominated by issues concerning the US and the USSR. Nationalist China has depended greatly on US economic and military aid, which still continues in diminishing quantities, although no future US military commitments are in prospect. Despite repeated failures to obtain additional aid, the National Government and Nationalist regional regimes will continue their appeals to the US and claim that such aid will be used to resist the Communists.

In Taiwan, the Nationalists have an important bargaining point. Aware of US interest in that island, they will present themselves as a means and perhaps the sole means of preventing its communization, and will offer various inducements and assurances in return for US aid and US moral support for a regional Chinese regime. They will also argue the legality of such a Chinese administration despite the fact that Taiwan's status has not been formalized by conclusion of a peace treaty with Japan.

The National Government will strive to keep its international status despite its growing weakness. Depending chiefly on what future Communist policies may be, that status might not be seriously challenged for several months and foreign recognition of the National Government will probably continue so long as it stays in Canton.

Chiang Kai-shek and other Nationalist leaders are embittered toward the USSR, which they feel is at least partly responsible for their misfortunes. The idea of appealing to the UN has been seriously considered in Nationalist circles and the matter may be brought up again before the Nationalists lose their international status. If made, this maneuver would be accompanied by denunciation of the Sino-Soviet Treaty of 1945, governing the status of Manchuria and Outer Mongolia.

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While such antagonistic measures might be directed against the USSR on the one hand, the National Government might at the same time effect an apparent rapprochement with the Soviet Union and conclude agreements involving further concessions, particularly in Sinkiang and the Northwest provinces.

In its last stages of existence, Nationalist China may turn its wrath against the US. In Nationalist thinking, the US is largely responsible for the Yalta agreement, and the US postwar policy of mediation in the civil war and intermittent limited assistance have facilitated the Communist triumph. Such feelings will be intensified if the US rejects further appeals for aid and evidences interest in recognizing a future Communist-dominated Chinese Government.

3. Military Situation.

a. General Strategy.

The objective of the Chinese Communist forces is the elimination of all anti-Communist armed resistance in China. To attain this objective the Chinese Communist Party has employed the strategy of using military force as a medium of realizing their political objectives. Communist control over the remainder of China will be accomplished by means of an area-by-area program of military acquisition, dictated to a large degree by the state of their political preparedness for administering these areas.

The remaining Nationalist or anti-Communist forces have now adopted the strategy of avoiding decisive military action, while at the same time attempting to deny territory to the Chinese Communists as long as possible.

b. Communist Armed Forces.

The Chinese Communist Forces possess sufficient wealth in material and manpower to overcome all anti-Communist remnants in China. Having already eliminated the majority of the best Nationalist armies, the CCP is now in the process of consolidating its recent virtually unopposed military conquest of the Yangtze valley. In consequence, Communist armies, free to accelerate their movements to the south and the west, appear to be headed toward Kwangtung. As elsewhere, however, the speed and magnitude of this operation

probably will be limited in some degree by the abilities of the CCF political organization to assume the additional administrative responsibilities.

Recent CCF victories have brought with them the new responsibility of protecting communications, urban life, and industry. Consequently a considerable portion of CCF must be utilized to garrison "liberated" areas and maintain lines of communication.

(1) Strength and Disposition of Communist Ground Forces.

The Communist regular forces comprised of the field forces and Military District troops now total approximately 2,017,000 (see Table, p. 14), thus giving the CCF a decisive numerical superiority over the Nationalists in combat strength. These regular forces, particularly the field forces, are characterized by good leadership, good equipment, high morale and discipline, as well as excellence in intelligence and the employment of propaganda. In addition to the regulars, there are irregular forces, known as the People's Militia, generally local in character and function, totalling perhaps 2,000,000. Such forces, on occasion in the past, have supplemented the regulars during a campaign. In the future, they will probably be occupied largely with the task of policing CCF areas. A third potential source of manpower comes from Nationalist troops which have fallen into Communist hands. Of these, approximately 90,000 have been integrated into the CCF. Communist regulars will also be greatly assisted in their drive south by dissidents, bandits, and irregular Communist bands, already in control of wide rural stretches in the southern provinces.

(2) Air Force.

The Chinese Communist Air Force made its first public appearance during 1949 May Day celebrations in the Mukden area. Both B-25 and P-51 type aircraft participated in the air parade. The Communists are known to have obtained by defection or capture at least 38 operational aircraft including bombers, fighters, transports, and trainers. The actual number of pilot defections is believed to be substantially greater than the 20 known cases although the Communist claim of 2,000 is con-

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ORGANIZATION OF CHINESE COMMUNIST FORCES, 25 MAY 1949

REGULAR FORCES

New Unit Designation	Old Unit Designation	Commander	Strength	Area
1st Field Army	Northwest People's Liberation Army	Feng Teh-huai	154,000	Shensi-Shansi
2nd Field Army	Central Plains People's Liberation Army	Liu Po-chang	321,000	Yangtze and South China
3rd Field Army	East China People's Liberation Army	Chen Yi	400,000	Yangtze
4th Field Army	Northeast People's Liberation Army	Lin Piao	730,000	Yangtze and North China
5th Field Army	North China People's Liberation Army	Nieh Jung-chen	383,000	North China
Undesignated Regulars in South China			34,000	South China
Regular Forces Total			2,017,000	

IRREGULAR FORCES: The People's Militia

2,000,000

CURRENT NATIONALIST THEORY: Only the approximately 80,000 troops in the units enumerated above have been included in CCF strength. Remainder are not yet believed to have been integrated into the CCF order of battle.

Note: The total regulars includes an estimated 634,000 Military District Troops and former Nationalist troops of the ex-Nationalist 30th, 39th, 60th and 77th Armies, and 94th and 110th Divisions, with an aggregate total of approximately 80,000 troops.

sidered to be greatly exaggerated. There is no evidence that Soviet aircraft observed in CCP areas of Manchuria have been there in any but a transient capacity. No Communist aircraft have been used in the combat areas and lack of aviation fuel will drastically limit the CCP capability for air operations.

(3) Navy.

The CCP has acquired by defection and capture upwards of 63 Nationalist naval vessels. The following is a breakdown, as to types, that may be operational in Communist hands as of 31 May 1949:

- 3 Destroyer escorts (DE)
- 1 Mine-sweeper (AM)
- 7 Gunboats (FG)
- 1 Repair Ship, light (ARL)
- 1 Icebreaker (AGB)
- 1 Landing Ship, medium (LSM)
- 1 Landing Craft, Infantry (LCI)
- 17 Landing barges
- 17 Armed motorboats
- 14 Small patrol boats

For the most part, crews of the foregoing craft and those of other naval craft which have been disabled or destroyed are available to the Com-

munist. These craft, plus merchant shipping which may be captured or otherwise acquired, will provide the Communists with a growing capability for short over-water operations.

(4) Logistics.

The CCP, hitherto almost solely dependent on animal transport, makeshift machine-shop arsenals, and captured Nationalist stores for logistic support, has now overcome this earlier handicap. In addition to substantial Japanese stockpiles turned over to them in Manchuria during 1945-46, the CCP, having captured tremendous Nationalist stocks which were largely US-supplied—now enjoys superiority in materiel over the Nationalists. In addition, the CCP has acquired most of the industrial centers of North and Central China—including the Mukden arsenal, which alone produced some 60-70 percent of the total Nationalist ordnance output. This and other installations taken over by the CCP can supply all the materiel needed for future mainland operations. In place of horse-cart methods of supply, the Communists now control and are rapidly rehabilitating most of China's rail and

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water transport net. A north-south rail line from Manchuria to the Yangtze has already been opened.

c. *Anti-Communist Armed Forces.*

The Chinese Nationalist armed forces, although defeated by the Communists and lacking cohesive command structure at present, were not beaten by the sheer force of arms. Very few major battles, such as those witnessed in World War II, were fought. From the resumption of Nationalist-Communist hostilities in May 1946 until September 1948, the Chinese Communists employed guerrilla tactics of hit, ruin and run, with resultant minor but effective actions. In September 1948, the Chinese Communists stormed Nationalist Taiwan, where, much to the Communists' surprise, key Nationalist defections brought about by the disintegration of local troop morale led to the collapse of government resistance. The debacle at Taiwan established the pattern for subsequent defections; from September 1948 to May 1949, a rising wave of mass defections, sell-outs, and general unwillingness to fight swept through the Nationalist armed forces. The defeat of the Chinese Nationalist Army, therefore, can be attributed basically to internal decay. Although the strategic error of over-extension of forces contributed in part, the basic reasons for Nationalist defeat were, and continue to be: (1) army politics, which kept militarily incompetent officers in positions of high command; (2) the personal command of all combat areas exercised by Chiang Kai-shek, which prevented independent tactical action by field commanders; (3) accelerating economic decay, which resulted in inadequate pay, food, clothing, and equipment for the troops; and (4) graft and corruption, practiced by senior officers at the expense of their troops.

In consequence of these conditions, Nationalist morale disintegrated from top to bottom and Nationalist forces lost the all-important "will to fight." Nationalist armed forces, today, have ceased to be an organized, cohesive and centrally directed military machine. They now exist as a group of widely scattered, disorganized, and uncoordinated regional anti-Communist "warlord" forces.

(1) *Strength and Disposition of Nationalist Ground Forces.*

The strength of the remaining anti-Communist armies in China totals approximately 720,000 regular combat troops. In addition, there are some 500,000 service troops dispersed throughout the remaining areas of Nationalist operation (see Table, p. 16).

The "combat" forces listed in the accompanying table include a high percentage of poorly trained and ill-equipped provincial levies. Not included are an undetermined number of local (Peace Preservation Corps) troops.

At present, there are basically four separate centers of potential anti-Communist resistance in China. These are: (1) the southeast (including Taiwan) directly under Chiang Kai-shek—approximate strength, 300,000; (2) the southern provinces of Kwangtung and Kwangsi, under Li Chung-jen and Pai Chung-hsi—approximate strength, 200,000 plus; (3) the southwest, under Chang Chun (possibly including the troops of Hu Tsung-nan)—approximate strength 225,000; and (4) the northwest, under Ma Pu-fang and Ma Hsing-kwei—approximate strength, 100,000.

(2) *Air Force.*

The Nationalist Air Force has from 85,000-100,000 men and approximately 1000 aircraft, of which 600 are reportedly operational. The potential of the CAF has also been reduced by losses through defection and capture. Five-sixths of the CAF's total of 1,000 aircraft have been transferred to Taiwan. Because of maintenance difficulties and operational accidents only 35 percent of the operational aircraft are effective. The morale of the air forces, although somewhat higher than the ground forces due to differences in pay scales, is still very low. Consequently, CCP propaganda has found and continues to find a receptive audience in the ranks of the air force.

(3) *Navy.*

The Nationalist Navy, lately weakened by the loss of upwards of 63 craft (of which at least a light cruiser, destroyer escort, and a gunboat have been destroyed or disabled) has approximately 150 ships, not including harbor craft, and about 30,000 men. Navy morale, as

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ORGANIZATION OF ANTI-COMMUNIST FORCES, 15 MAY 1949

Commander	Strength	Loyalty	Present Area	Future (?)
Tang En-po	250,000 *	Chiang Kai-shek	Unknown *	Fukien, Taiwan
Pai Chung-hai	150,000	Li Tsung-jen	Hunan, Kwangsi	Kwangsi
Lin Tsung-nan	175,000	Chiang Kai-shek	South Shensi	Szechwan
Ma Fu-tang				
Ma Hsing-Kwei	130,000	Self	Northwest	Northwest
Chang Chun	60,000	Chiang Kai-shek	Taiwan	Taiwan
Hsueh Yueh	50,000	Undetermined	Kwantung	Kwantung
Chen Cheng	30,000 **	Chiang Kai-shek	Taiwan	Taiwan
Liu An-chi	30,000	Chiang Kai-shek	Tungting	Taiwan (?)
Total Combat Forces	945,000			
Service and Miscellaneous Troops	500,000			
Total	1,345,000			

Notes: * Subject to revision when Nationalist withdrawal from Shanghai is clarified—last estimate of strength in Shanghai was 100,000. The other troops under Tang (150,000) are withdrawing southward from Nanking-Shanghai area.

** Number could be augmented by Nationalist withdrawals from the mainland.

in the other services, is extremely low and Communist infiltration of the navy continues.

(4) *Logistics.*

The Nationalist field forces have been depleted in numbers and deprived of the larger part of their weapons, transportation, and equipment. Their central supply organization is now defunct and, more important, their central supply base, from which unit material replacements had previously been obtained, is now non-existent. The Nationalist field commanders find themselves facing logistics similar to those encountered by Communist field commanders a year ago. The Nationalists must now depend largely upon their own private resources and ingenuity for logistic support. The anti-Communist forces, largely confined to marginal regions, will hold only two areas which can presently contribute substantial logistic support. These are Szechwan, with some 13 major arsenals as well as rich agricultural resources, and Taiwan. Taiwan, which produces an agricultural surplus, has lately received US military aid shipments as well as arsenal installations transferred from the lower Yangtze Valley.

The northwest, in contrast, requires air supply, and the entire sweep of southern China is incapable of supporting large armies and broad-scale military operations over an

extended period. Long-term resistance in these areas, therefore, would require a steady flow of supplies, both military and economic, from outside China. Communication in the south and southwest can be kept open only so long as the loyalty of the people in those areas is retained.

d. *Present and Future Operations.*

The objective of the latest Chinese Communist offensive, begun on 20 April, is to secure the lower Yangtze Valley from Szechwan to the sea and at the same time drive a wedge deep into south China in order to separate the forces of Pai Chung-hai and Li Tsung-jen in Kwangsi from those of Chiang Kai-shek in the southeast. The southern drive on Canton and Fochow, additionally, will accelerate fragmentation of the Nationalist Government by forcing further flight to Taiwan or Chungking or possibly to both.

The primary Communist objective probably will be realized by the end of August. At no time from now on can the Nationalists be expected to put up more than token resistance, since their first concern will be withdrawal of their remaining troops intact to Taiwan and the more remote areas of the southwest. By the end of 1949, in consequence, the Chinese Communists probably will exercise military control over all of mainland China from Man-

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churia south to Kwangtung and from the eastern border of Szechwan to the sea.

(1) *Communist Military Problems.*

Although the Communist forces have all the advantages at present, when they move to eliminate the last areas of resistance they will face certain entirely new problems. The Communist armies will be moving into extremely rough mountainous terrain in their drive to the southwest and the northwest. In order to support their occupation armies adequately, they must of necessity greatly extend their lines of supply and communication into these food-deficit areas. Although Communist forces will be greatly assisted by dissidents, bandits, and irregular OCP bands in the south and southwest provinces, they will, particularly in the northwest, be moving into a great expanse of territory where the local populace is either actively or potentially hostile. The expanding Communist armies will also face the problem of how to feed, clothe, indoctrinate, and otherwise dispose of captured or defected anti-Communist forces.

The acquisition of Taiwan is another problem for the OCP: The Communist armies have no amphibious experience or training. At present, they lack the requisite shipping to undertake an assault on Taiwan. The lack of amphibious experience, moreover, may force the OCP to be satisfied with the much slower political methods of underground action to accomplish their conquest of the island.

Perhaps the largest problem facing the OCP lies in preventing the military machine from outrunning their abilities for political consolidation. To halt their victorious armies would not only belie OCP propaganda but would probably shake troop morale from top to bottom. Over-all success, therefore, depends upon the maintenance of a very delicate balance between OCP military acquisitions and political preparedness.

(2) *Nationalist Problems.*

Problems currently facing the remaining Nationalist Armed Forces appear to be insurmountable. The present centrifugal tendency in Nationalist China is a recreation of conditions once almost nation-wide, which the surviving warlords understand well, but which

makes central planning and control virtually impossible. The remaining Nationalist troops are desperately in need of re-equipping, re-training, re-vitalizing, and re-organizing under a competent and effective central command. It appears unlikely that these basic Nationalist needs will be fulfilled. Consequently, anti-Communist forces in China when threatened by the Communist armies, must further withdraw, capitulate, or be annihilated.

(3) *Estimate of Capabilities.*

(a) *Nationalist.* Remaining Nationalists or anti-Communist forces cannot, in the foreseeable future, effectively resist the Communist military machine. Even if it were possible to cure existing military ills by means of outside assistance, superficial reforms would be ineffectual unless the ailment is also treated—the troops must be re-instilled with the will to fight. This can only be accomplished by paying the troops in accordance with the cost of living, by feeding and clothing them properly and, above all, by giving them something to fight for. This obviously is impossible under present conditions. The OCP, therefore, can and probably will eradicate any and all regional anti-Communist armed resistance whenever it chooses to do so.

(b) *Communist.* The OCP is currently capable of launching simultaneous operations to the south, southwest, and northwest and eliminating all effective military resistance by the end of 1950. However, in view of Communist logistic and morale problems which undoubtedly would result from too fast a take-over, the OCP will probably continue its methodical area-by-area conquest and it may be 2 to 3 years before the final liquidation of all anti-Communist resistance in China. The south and southwest will probably be the first two entries on the OCP military time-table and the coup *de grace* reserved for the Mas in the Northwest.

4. *Economic Situation.*

a. *Nationalist China.*

The economic activities of the National Government in Canton and of each provincial government (except Taiwan and Szechwan) are largely confined to the search for sufficient

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revenue to maintain their military and political power. Economic and commercial paralysis throughout most of non-Communist China has impoverished both the National and most provincial governments.

The financial position of the National Government at Canton is desperate. It has suffered from a serious decrease in revenue because of its inability to collect taxes, the widespread repudiation of the national currency, and the virtual elimination of customs duties. In addition, State-owned industries and enterprises have largely ceased to operate and the profits of many remaining plants are no longer available to any but local political administrations. Reserves of gold and silver still under Canton's control are very limited and most provincial governments are reported to be in a similarly serious fiscal situation.

While most of non-Communist China is impoverished, Szechwan and Taiwan are exceptions. Both areas possess a relatively sound economy. Other important Nationalist assets are a considerable amount of coastal and ocean shipping and the gold bullion in Taiwan.

b. Communist China.

(1) Internal Problems.

(a) Economic Objectives. The first economic objectives of the Communists will be: (1) the acquisition of all assets owned by the National Government and "bureaucratic capitalists"; (2) the preservation of governmental financial and commercial institutions; and (3) obtaining the support of productive elements of society. The Nationalist assets least accessible to the Communists are the three million-odd ounces of gold controlled by Chiang Kai-shek, the overseas assets and holdings of the Government and its "war criminal" officials, private holdings and the million tons of shipping now in Nationalist hands. It is unlikely that an appreciable amount of industrial plant will be removed to Nationalist areas, and the Communists should inherit Nationalist industries largely intact.

(b) Food Problems. While the possibility exists that the Communists may not be able to overcome the war's disruption of marketing facilities in a short time and that Manchurian surpluses may be pre-empted by the USSR,

no starvation is expected in Communist areas before the June harvests, except in some flooded or war-desolated localities.

Although the coastal cities long have imported rice, grains and vegetable oils, because of the high costs of transport from inland areas of production to coastal consumption centers, there is probably enough food in the Yangtze Valley to supply these cities, if the CCP can solve the problems of collection and distribution.

(c) Development of Transportation and Industry. That some progress in industrial reconstruction has begun is indicated by reports from Manchuria, Tainan, Peiping, Tientsin, and many towns in North China which show that the reopening of industries and railroad reconstruction in liberated towns is a high-priority task. Shortages of raw material, power, and skilled labor will continue to limit Communist development of industry after control over Central China is consolidated but, with the exception of petroleum and possibly cotton which must be imported, there will be sufficient resources to run most existing industry at a high level of capacity.

The need for petroleum in Central China will decrease as coal becomes available in larger quantities and as such large oil consumers as power companies are reconverted to coal. Domestic collection of cotton for textiles, China's chief industry, will be large and, together with present stocks in Shanghai, should be nearly adequate for this year's needs. Rehabilitated railroads, together with captured junks and barges on the Yangtze River and its tributaries, should provide adequate internal transportation for essential marketing purposes.

(d) Gaining Support of Productive Elements. The CCP will try to gain the active support of productive elements in the middle classes who may not yet be entirely convinced of the bountiful life which is promised under the Communist order. The Communists have declared that taxes must not be confiscatory, that governmental enterprises harmful to private enterprises shall not be permitted, that workers must not demand excessively high wages, and generally that all means will be utilized to encourage private industrial pro-

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duction. While these promises have largely remained unfulfilled, they have gained wide support for the CCP among Shanghai and Nanking businessmen. Among the middle classes, those most actively wooed by the Communists are the technicians. They are offered high pay (in Mukden reportedly twice that of government officials) and the chance to be leaders in China's reconstruction. The CCP has apparently gained the support of responsible technical and managerial groups in other Communist areas in China and may do so in Central China as well.

Urban workers and the farmers may not be as strenuously recruited, both because their support is already assumed and because increased rewards to the middle classes must frequently be made at the expense of the lower income groups. While continued lip service will be paid to better living standards, workers will be told that, as the "leading" political group, they must carry the burden of economic reconstruction and development. Similarly, few promises, other than reduced rents and interest rates, may be made to the tenant farmers, since landlords have already been promised that the country is too "backward economically" for immediate drastic land redistribution.

(c) *Financial and Commercial Problems.* The CCP has shown considerable concern over the establishment of internal financial stability and the resumption of domestic commerce. The lack of financial experts will seriously hinder the Communists in the establishment of a stable and flexible currency which will be adequate for the commercial and industrial needs of North and Central China. Conditioned by the recent Nationalist experience with paper currency, the Communists in the immediate present may continue to rely on a less flexible exchange system based on barter and tax payments in grain and other commodities. To date, the Communists have been sufficiently successful in collecting agricultural output, which has provided them with a substantial source of revenue.

Although transportation and marketing difficulties will hinder domestic trade, both state and, to a lesser degree, private commerce

has been encouraged by the CCP's commercial policy and probably will continue to be. "Liberation" of the Yangtze Valley will probably yield to the Communists the huge collection-and-sale apparatus of the Central Trust and other National Government agencies, thus reinforcing and firmly establishing the Communist state trading base.

Further, CCP acquisition of the Yangtze region will be an important factor in curing the present paralysis of internal commerce by restoring the normal integration of the Central and North China economies.

(2) *External Problems.*

(a) *Requirements in Foreign Trade.* Petroleum, cotton, and the railroad, factory, and power equipment needed for reconstruction are the principal imports that the Communists will require during the next year. Inadequate amounts of any of these items will seriously hamper economic recovery. Fuel-oil requirements can be met in part by the substitution of coal, which should be available in quantity to the Communists. But kerosene, gasoline, lubricants and other petroleum products which have no substitutes must be imported. Current Chinese consumption, including aviation gasoline, is 15-30 million barrels annually and 10-13 million barrels would probably be a minimum continuing annual requirement, with full utilization of coal and with no increase in the level of economic activity.

Reconstruction requirements for China are enormous. A minimum reconstruction program, calling for rebuilding China's prewar industry and railroads and perhaps one-half of Manchuria's peak industrial capacity, would require imports of US \$300-\$500 million in China and a similar amount in Manchuria. The bulk of the expense would be for railroad equipment; the remainder would largely be textile, mining, and power machinery and equipment. Reconstruction offers special difficulties to the Communists since substantial credits or investments from the USSR are unlikely and there are severe political obstacles in the way of Western investments. In the next few years, the Chinese Communists will be confronted with the problem of paying for

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their rehabilitation through their own efforts.

(b) *Trade with the USSR.* Soviet domination of Manchuria will be a major factor in directing the course of China's foreign trade in the next year. The Soviet Union will continue to take most of Manchuria's grain and soybean crops to meet the deficits of edible oils throughout the USSR and of food in the Soviet Far East. The total value of these imports from Manchuria may well be in excess of US \$100 million annually, at world market prices. In China Proper, the USSR does not have the same dominant position with respect to foreign trade that it enjoys in Manchuria. The foreign trade of China Proper is more likely to be directed to the non-Soviet countries because of the limited market in the USSR for such important Chinese exports as bristles, processed eggs, handicrafts, and coal.

The disadvantages to China of the Manchurian trade with the USSR derive largely from the cheap monopoly price that the Soviets have been able to obtain on soybeans, the chief Manchurian export. Through its control of the Manchurian railroads and the port of Dairen, the USSR has been able to prevent the export of Manchurian products to world markets. Necessarily, trade with the Soviet Union on such unfavorable terms tends to impair China's ability to finance her essential import requirements. In China Proper, the Communists will be free to maximize their return by directing their exports to whatever country offers the highest prices. Exports to non-Soviet countries will provide the Chinese directly with the means needed to obtain essential imports, such as petroleum, railroad equipment, electrical and other industrial machinery, and chemicals—products which can be obtained from these countries more readily than from the USSR.

(c) *Trade with the US.* The advantage of CCP trade with the West and with Japan lies in the character of China's import requirements and her export markets. These advantages particularly apply to US trade, which, in the postwar period, has been the largest of any country's with China.

The US would be a major source for petroleum, certain types of capital equipment, and vehicles. If the US alone were excluded from trade, Japan, the UK, and other Western countries might fill a portion of China's reconstruction needs but it is unlikely that these countries can make sufficient capital goods exports in the next year to satisfy all of China's requirements.

Not only will China probably be forced to depend on the US for essential imports, but the market for many Chinese commodities, such as handicrafts, tung oil, and animal products is determined by US demand. Were the US market eliminated, China's exports would be reduced substantially, her export industries depressed, and her ability to pay for needed imports greatly restricted. China's chances for economic recovery in such circumstances would be small.

(d) *Trade with Japan.* Smaller transportation costs would permit Japan to outbid the world market for many of China's exports. In the case of China's export of such bulk commodities as coal, iron ore, and salt, Japan would be the only commercially important feasible market. In return, Japan could sell to China machinery and railroad equipment which significantly would aid the CCP rehabilitation program. Trade, profitable to both countries, could in a few years total US \$3-400,000,000 annually, an amount which would be a substantial portion of China's total foreign trade.

Although Chinese antipathy toward the industrial revival of Japan is a political factor militating against such large-scale trade, it is very likely that the urgent economic considerations of recovery will override such an objection. Indeed, the CCP's Ministry of Industry and Commerce in Tientsin suggested resumption of Japan trade in April and Premier Yoshida has repeatedly declared that Japan "will and must" trade with China. Japan's market, as well as that of the US, is very important in the long run for the achievement of Chinese economic independence and recovery.

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ENCLOSURE A

DISSENT OF THE INTELLIGENCE ORGANIZATION, DEPARTMENT OF STATE

The Intelligence organization of the Department of State dissents from the subject report on the grounds that it does not give adequate treatment to the implications of the anticipated desire of a Communist China for international recognition. The treatment here-

in accorded this highly complex and technical subject makes for an over-simplification which is considered unsatisfactory in view of the important policy decisions inevitably involved in the present Chinese situation.

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SECTION 6

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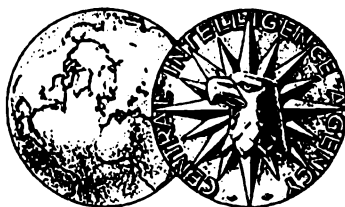
The Food Outlook for Communist China

3 February 1950

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APPROVED FOR RELEASE
DATE: MAY 2004

THE FOOD OUTLOOK FOR COMMUNIST CHINA



ORE 89-49
Published 3 February 1950

CENTRAL INTELLIGENCE AGENCY

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THE FOOD OUTLOOK FOR COMMUNIST CHINA

SUMMARY

Widespread droughts and floods during 1949 will cause severe famine in China in 1950. Serious food shortages in the rural areas of poor harvests are a foregone conclusion. Although famine is a common historical experience in China, the new Communist regime will be put in a disadvantageous light by any comparison of 1949 harvests with the more favorable harvests of recent years under the Nationalists. Food shortages furthermore will delay the fulfillment of Communist promises to the rural population. Peasant rebellions, although not well organized and not ideologically inspired, already have been reported in several areas. Such uprisings may be further encouraged by the famine. Rural unrest may impede the establishment of political and economic stability in China, but it cannot be considered a serious threat to the power of the Communist regime. Continued peasant rebellion, however, may force the Communists to maintain larger armed forces than they had anticipated.

Despite Communist efforts to assure adequate food supply to key urban areas, the problem of shortages has tended to defeat Communist attempts at urban price control. Because wage payments are geared to food prices, the famine will result in increased prices of manufactured goods.

The Communists will not wish to utilize their meager foreign exchange resources for the purchase of food from the west. It is also unlikely that the Communists will seriously approach the US or other non-Communist countries for aid in meeting their current food deficits.

The Soviet-Manchurian trade pact concluded in July 1949 requires the export of Manchurian foodstuffs to the USSR. In an effort to counter unfavorable Chinese reaction, however, the USSR might relax these requirements for food exports or, more likely, might make highly publicized token relief shipments to China.

Note: The Intelligence organizations of the Departments of State, Army, Navy and the Air Force have concurred in this report. It contains information available to CIA as of 23 January 1950.

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THE FOOD OUTLOOK FOR COMMUNIST CHINA

As a result of widespread droughts and floods during 1949, the year 1950 should bring an exceptionally severe famine to China. While some areas have enjoyed a good harvest, others will suffer from serious food shortages, and many will face famine conditions.*

North China suffered a particularly poor crop year in 1949, but droughts and floods also cut into harvests in many areas of Manchuria, Central China, and South China and drove millions of families from their homes. North China's production of food crops in 1949 was about 20 percent below the level of the previous year, with the lower Yellow River valley and eastern Hopei hard hit by drought in early summer and floods later in the year. Other areas in China which suffered poor harvests include the lake areas of the Central Yangtze Valley, northern Kiangsu, northern Anhwei, parts of Honan, Shansi, and Chahar, northern Manchuria and the lower Liao River valley of Manchuria. Because of their comparative isolation and insufficient modern transport facilities, many distressed localities will be unable to count on a sufficient quantity of commercial or relief shipments from food surplus areas. (For a more detailed discussion of the areas affected, see Appendix.)

The Chinese Communists are thus likely to be faced with peasant unrest in 1950. Peasant rebellions, although not well organized and not ideologically inspired, have already been reported in several areas and may be encour-

aged further by the disappointments and pressure on living standards resulting from poor harvests. In some areas, peasant hostility will take the form of passive resistance and non-cooperation. In a few localities resistance to increased tax burdens may take such overt forms as the murder of tax collectors and open insurrection. The Communists will have to postpone complete pacification in traditionally bandit-ridden areas because of the high cost of policing them.

Despite such patterns of unrest it is not likely that Chinese Communist political control will be seriously threatened. Famine is a common occurrence in China, and consequent disorders are traditionally localized in character. The Communists must necessarily suffer, however, from any comparison of current harvests with those in recent years under the Nationalists; and Chinese peasants, prone to regard omens and auguries seriously, will inevitably make the comparison. Food shortages will delay both the fulfillment of Communist promises to the peasantry and the agricultural programs. In order to cope with peasant unrest in and out of the bandit areas, the Communist government must keep, at some cost, a large armed force in being which it will employ against any resistance that may develop. In their concern about feeding the urban populations, as well as their increased military forces, the Communists may be forced to make increased levies on the peasantry.

In 1948 the difficulties besetting the Nationalists in bringing food to the cities were alleviated by CRM and ECA which supplied nearly three-fourths of China's rice and the bulk of its wheat flour imports. With this assistance now cut off, the Communists must mobilize and transport supplies from the countryside—a task, however, that they are performing with more efficiency than did the Nationalists. It is probable that the most serious food shortages in 1950 will occur, not in the cities, but

* Some light is thrown on the extent and seriousness of the famine threat by recent broadcasts over the Communist radio. According to a Peiping report in October, about 10 million peasants in North China alone had been affected by drought, storms, floods, and insect pests. Calamities in Manchuria and in several areas of Central China are affecting many millions more. To meet the famine threat, the Communists are reportedly mobilizing women and children for the collection of grass under the stimulus of such slogans as, "Mix bran and grass to tide over the famine," and "Eat leaves and grass this year, then grain may be eaten next year."

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in those rural areas which suffered poor harvests and are relatively isolated by the lack of modern transport facilities.

Some of the hardships arising from the food shortages could be alleviated through commercial food imports. Because of their meager resources in foreign exchange, however, and their determination to use this foreign exchange as far as possible to import industrial goods, the Communists will keep food imports to a minimum. The Nationalist blockade, if it continues with moderate effectiveness in 1950, will also constitute a deterrent to food imports. It is highly improbable that the Communists will make a serious approach to the US or other non-Communist countries for aid in meeting their current food deficits.

Probably the most serious problems for the Communists in the cities will be those involving price control. Food shortage in China has tended to defeat all Communist measures to control prices. Upward pressure in the early fall of 1949 was disguised in part by the fact that crops currently being harvested were moving into the cities, in part by Communist skill in collecting supplies and dumping them on the market whenever prices threatened to rise rapidly. With supplies becoming scarcer, however, dumping has already become ineffectual as a means of controlling speculation. A rise in food prices is especially significant in China because wage payments are linked closely to the price of food; poor harvests will

thus tend to increase the costs of manufacture and undermine the competitive position of such Chinese exports as textiles.

Poor harvests, furthermore, will impede initiation of Communist plans for industrialization. With agricultural exports necessarily reduced, Chinese ability to earn foreign exchange will be impaired, and foreign purchases will have to be deferred. If the reduced exports are directed in substantial part to the USSR at terms less favorable than offered on world markets, China's exchange earnings will be even further reduced.

The famine during 1950 may have some effect on Chinese relations with the USSR. Under the terms of the Soviet-Manchurian trade pact concluded in July 1949, Manchuria is required to ship food to the Soviet Union. Although this treaty has been publicized in the Chinese press as an example of mutually beneficial Chinese-Soviet trade, there is evidence of suspicion among many Chinese that the treaty actually favors the USSR at the expense of China. Should the USSR insist on continuation of food shipments from Manchuria, such suspicions would grow, and the whole Soviet policy toward China would become suspect among more and more Chinese. In an effort to counter unfavorable Chinese reaction, however, the USSR might relax these requirements for food exports, or, more likely, might make highly publicized token relief shipments to China.

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SECTION 7

NIE-2

Chinese Communist
Intervention in Korea

6 November 1950

APPROVED FOR RELEASE
DATE: MAY 2004

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NATIONAL INTELLIGENCE ESTIMATE

Number 2

8 NOV 1950



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N A T I O N A L I N T E L L I G E N C E E S T I M A T E

C H I N E S E C O M M U N I S T I N T E R V E N T I O N I N K O R E A

NIE-2

6 November 1950

Advance Copy

In order to expedite delivery, this estimate is being given a special preliminary distribution. The final printed copy will be disseminated as soon as available.

The intelligence organizations of the Departments of State, the Army, the Navy, and the Air Force participated in the preparation of this estimate and concur in it. This paper is based on information available on 6 November 1950.

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CHINESE COMMUNIST INTERVENTION IN KOREA

THE PROBLEM

1. To estimate the scale and purpose of Chinese Communist intervention in North Korea and Chinese Communist capabilities and intentions.

SUMMARY and CONCLUSIONS

2. Present Chinese Communist troop strength in North Korea is estimated at 30,000 to 40,000. Chinese Communist ground units are engaging UN forces at various points ranging from 30 to 100 miles south of the Korean-Manchurian border. Recent action has been marked also by the appearance of Soviet-type jet fighters in combat with US aircraft over Korea.
3. Present Chinese Communist troop strength in Manchuria is estimated at 700,000. Of this number, there are at least 200,000 regular field forces. These troop strengths, added to the forces already in Korea, are believed to make the Chinese Communists capable of: (a) halting further UN advance northward, through piecemeal commitment of troops; or (b) forcing UN withdrawal to defensive positions farther south by a powerful assault.
4. The objective of the Chinese Communist intervention appears to be to halt the advance of UN forces in Korea and to keep a Communist regime in being on Korean soil. In accomplishing this purpose, the Chinese Communists would: (a) avert the psychological and political consequences of a disastrous outcome of the Korean venture; (b) keep UN forces away from the actual frontiers of China and the USSR; (c) retain an area in Korea as

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a base of Communist military and guerrilla operations; (d) prolong indefinitely the containment of UN, especially US, forces in Korea; (e) control the distribution of hydro-electric power generated in North Korea and retain other economic benefits; and (f) create the possibility of a favorable political solution in Korea, despite the military defeat of the North Koreans.

5. The Chinese Communists thus far retain full freedom of action with respect to Korea. They are free to adjust their action in accordance with the development of the situation. If the Chinese Communists were to succeed in destroying the effective strength of UN forces in northern Korea, they would pursue their advantage as far as possible. If the military situation is stabilized, they may well consider that, with advantageous terrain and the onset of winter, their forces now in Korea are sufficient to accomplish their immediate purposes.

6. A likely and logical development of the present situation is that the opposing sides will build up their combat power in successive increments to checkmate the other until forces of major magnitude are involved. At any point in this development, the danger is present that the situation may get out of control and lead to a general war.

7. The Chinese Communists, in intervening in Korea, have accepted a grave risk of retaliation and general war. They would probably ignore an ultimatum requiring their withdrawal. If Chinese territory were to be attacked, they would probably enter Korea in full force.

8. The fact that both the Chinese Communists and the USSR have accepted an increased risk of a general war indicates either that the Kremlin is ready to face a showdown with the West at an early date or that circumstances have forced them to accept that risk.

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~~SECRET~~**DISCUSSION****9. Actual Development of Intervention to Date.**

Prior to mid-October, Chinese Communist support of the North Koreans consisted solely of logistical aid and moral support. Since that time, however, the Chinese Communists have been committing troops in increasing number so that at present UN forces are being engaged by Chinese Communist ground units in varying penetrations, ranging from 30 to 100 miles south of the Manchurian-Korean border.

To date, elements taken from the Chinese Communist 38th, 39th, 40th, and 42nd armies of the Fourth Field Army have been identified in the combat zone of Korea. Units of approximately battalion size from each division of three or more of the Chinese Communist armies along the Korean border in Manchuria have been combined to form units of approximately division size. One regular Chinese Communist division has been tentatively identified. Present Chinese Communist troop strength in North Korea is estimated to number from 30,000 to 40,000. This number, combined with an estimated 45,000 North Korean troops, constitutes an over-all enemy strength of 75,000 to 85,000. Of this total, an estimated 52,000 are in contact with UN forces.

The arrival of Chinese Communist ground units in the Korean fighting has been accompanied by a marked stiffening of North Korean resistance. The previously confused and disorganized North Korean units now appear to be in process of recommitment as reorganized and re-equipped combat units. There are indications that Chinese Communist forces in Korea are being reinforced.

Although the nationality of the hostile aircraft involved in recent incidents over the Korean-Manchurian border has not been definitely established, the fact that Soviet-type jet aircraft were

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involved indicates that the North Koreans are receiving air assistance from Manchuria in addition to direct ground force support from the Chinese Communists.

10. Chinese Communist Capabilities for Armed Intervention.

The over-all strength of the Chinese Communist ground forces is estimated at 2,800,000. Of this number, 1,770,000 are well-trained and well-equipped regular field forces, and the remainder are fairly well-trained and well-equipped military district troops. In addition, there are approximately 2,000,000 poorly-trained and poorly-equipped provincial troops.

Since Spring 1950, there has been a general build-up of Chinese Communist tactical troop strength in Manchuria to a point which exceeds normal security needs. The movement of numerous major units from south and central China is estimated to have brought current Chinese Communist strength in Manchuria to approximately 700,000. Of this number, there are at least 200,000 regular field forces, comprising possibly eight to ten armies, plus elements of at least four other armies.

The Chinese Communist Air Force, not tested in combat to date, is believed to consist of 200 combat aircraft in tactical units. Of this 200, 40 are TU-2 light bombers, 40 are IL-10 ground attack, and 120 are LA-9 fighters. It is possible that the CCAF may include 30-40 Soviet-type swept-wing jet fighters formerly stationed in the vicinity of Shanghai, some of which are believed to have been the jet aircraft which have appeared in recent operations in North Korea.

With these ground forces and this air strength, the Chinese Communists could probably make available as many as 350,000 troops within 30 to 60 days for sustained ground operations in

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Korea and could provide limited air support and some armor. This could be done without jeopardizing their internal control in Manchuria or China proper. The Chinese Communist Forces are therefore believed capable either of: (a) halting further UN advance northward by matching any foreseeable UN build-up with piecemeal commitment of forces presently along the Yalu River; or (b) forcing UN withdrawal to defensive positions further south through a powerful assault.

11. Chinese Communist Motives for Intervention.

The Chinese Communist decision to commit troops in North Korea, entailing as it does the serious risk of widening the Korean conflict, would not have been taken by Communist China without Soviet sanction or possibly direction. It must therefore be assumed that both parties consider the anticipated benefits to justify the acceptance of the calculated risk of precipitating a general war in China which could eventually involve the Soviet Union. This calculated risk includes the possibility of a reaction on the part of the US directly to meet the broader issue with the USSR rather than to allow itself to become involved in an expensive and indecisive war with Communist China.

The immediate occasion for Communist Chinese armed assistance appears to have been the crossing of the 38th Parallel by US forces and the consequent swift collapse of North Korean resistance. Unless the Chinese had intervened, UN forces would soon have reached and secured the Yalu River line. The Korean People's Republic would have ceased to exist except as a government-in-exile and as a guerrilla movement. Confronted with this possibility, the Chinese Communists have apparently determined to prevent an early UN military victory in Korea and to keep a Communist regime in being on Korean soil.

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It is significant that the Chinese Communists refrained from committing troops at two earlier critical phases of the Korean war, namely when the UN held no more than a precarious toehold in the Pusan perimeter and later when the UN landings were made at Inchon. The failure to act on those occasions appears to indicate that Peiping was unwilling to accept a serious risk of war, prior to the US crossing of the 38th Parallel. Since the crossing of the Parallel, Chinese Communist propaganda has increasingly identified the Peiping cause with the cause of the North Koreans.

The immediate objective of the Chinese Communist intervention in Korea appears to have been to halt the advance of UN forces. Chinese Communist military operations to date, including the nature of the forces employed, suggest an interim military operation with limited objectives. This view is strengthened by consideration of the limitations imposed on military operations by winter weather in this mountainous area.

In assisting the North Koreans, the Chinese Communists can derive several advantages for themselves, the Soviet Union, and world Communism. They are:

a.. To avert the psychological and political consequences of a disastrous outcome of the Korean venture.

The prestige of the world Communist movement and, more particularly, the domestic and international political position of the Chinese Communist regime, are linked with the fate of the North Korean satellite. A complete UN victory in Korea would adversely affect the power of international Communism to attract and hold adherents. For the Chinese regime itself, the total elimination of a satellite state in Korea

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would mean a serious loss of political face in China and in the world at large, most notably in the Asiatic areas that have probably been selected by the Chinese Communists as their primary sphere of influence.

b. To keep UN forces away from the actual frontiers of China and the USSR.

The establishment of a Western-oriented and US-supported regime on the south bank of the Yalu River is probably viewed by Peiping as a threat to the security of the Communist regime in China. The USSR would likewise be sensitive to the advance of UN forces to the northeastern tip of Korea. The Chinese Communists apparently regard the US as a hostile power, determined to bring about their eventual overthrow.

c. To retain an area in Korea as a base of Communist military and guerrilla operations.

The terrain of North Korea adjacent to the Manchurian border is especially suitable for such a base.

d. To prolong indefinitely the containment of UN, especially US, forces in Korea.

Prolonged involvement of UN and US forces in Korea is favorable for Communist global strategy. The containment of these forces in Korea prevents their redeployment to Germany, or to other areas where they might be required to oppose Communist aggression.

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e. To control the distribution of hydroelectric power generated in North Korea and retain other economic benefits.

Peiping has an immediate economic stake in the preservation of a friendly state south of the Yalu. The hydroelectric installations in North Korea, particularly the Suiho plant, are important sources of power for South Manchuria. The port of Antung in Manchuria is part of an economic entity that embraces the Korean city of Sinuiju across the river; trade in the area would be hampered severely if no arrangements existed for the operation of the Antung-Sinuiju port as a single unit. River traffic on the Yalu and the Tumen Rivers is dependent upon workable agreements between political authorities in Manchuria and Korea.

f. To create the possibility of a favorable political solution in Korea, despite the military defeat of the North Koreans.

It is possible that the Chinese Communists and the USSR hope to establish a military situation that will make the UN willing to negotiate a settlement of the Korean conflict in preference to a long drawn-out and expensive campaign.

12. Possible Developments.

The Chinese Communists thus far retain full freedom of action with respect to Korea. They are free to adjust their actions in accordance with the development of the situation. Their current violent propaganda--centering as it has on (a) the "will of the Chinese people" (rather than the government) to supply "people's volunteers" to aid the North Koreans and "defend China"; and (b) America's "use of Japanese" and

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"aping of Japan" in its "aggression against China"--is excellently adapted for preserving maneuverability. It could mean equally: whipping up of public opinion that seems chilly toward any Korean venture; a part of a general war of nerves; a real intention to organize an anti-UN military campaign on a "people's volunteer" basis; or a psychological preparation of the Chinese people for hostilities with the US, if not a world war.

If the Chinese Communists were to succeed in destroying the effective strength of UN forces in northern Korea, the Chinese Communists would probably pursue that advantage as far as possible, bringing in reinforcements from Manchuria to exploit the opportunity.

If the military situation is stabilized, the Chinese Communists might well consider that, with advantageous terrain and the onset of winter, their forces now in Korea are adequate to prevent a military decision favorable to the UN, at least until spring. Such a military deadlock would contain UN forces in Korea and expose them to attrition. It would also permit the reconstitution of North Korean forces and facilitate the development of guerrilla operations behind the UN lines. In these circumstances, the possibility of a political solution as the most convenient means of bringing the situation in Korea to a conclusion would be increased.

A likely and logical development of the present situation is that the opposing sides will build up their combat power in successive increments to checkmate the other until forces of major magnitude are involved. At any point in this development the danger is present that the situation may get out of control and lead to a general war.

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The Chinese Communists appreciate that in intervening in Korea they have incurred grave risks of retaliation and general war, but have accepted the risk. They would probably ignore a UN ultimatum requiring their withdrawal. If Chinese territory were to be attacked, they could and probably would enter Korea in full force, with the purpose of expelling UN forces altogether.

The fact that both the Chinese Communists and the USSR have accepted an increased risk of a general war indicates either that the Kremlin is ready to face a showdown with the West at an early date or that circumstances have forced them to accept that risk.

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SECTION 8

NIE-10

Communist China

17 January 1951

APPROVED FOR RELEASE
DATE: MAY 2004

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NATIONAL INTELLIGENCE ESTIMATE

COMMUNIST CHINA



NIE-10

Published 17 January 1951

CENTRAL INTELLIGENCE AGENCY

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COMMUNIST CHINA

THE PROBLEM

To estimate the stability of the Chinese Communist regime, its relations with the USSR, and its probable courses of action toward the non-Communist world.

DISCUSSION

Stability of the Chinese Communist Regime.

1. For the foreseeable future the Chinese Communist regime will probably retain extensive governmental control of mainland China. Although there is undoubtedly much dissatisfaction with the Communist regime in China, it does enjoy a measure of support or acquiescence and is developing strong police controls. No serious split in the Communist regime itself is now indicated. In particular, the regime has effective control of the Chinese Communist army. There are no indications that current anti-Communist efforts can achieve a successful counter-revolution. On the basis of the slight evidence available, it is estimated that about 700,000 men may be engaged in active resistance operations, ranging from local banditry to organized guerrilla warfare. There is insufficient evidence either to substantiate or deny Nationalist claims that a considerable number of these are associated with the Nationalist regime on Taiwan. These forces are creating widespread disorders and are handicapping the Chinese Communist program despite the fact that they are uncoordinated, lack effective top-level leadership, and so far have developed no constructive political program. By themselves and under present conditions these resistance forces do not constitute a major threat to the Chinese Communist regime.

General Objectives of Communist China.

2. The main objectives of the Chinese Communist regime are to establish and perpetuate its own control over all Chinese territory and to construct in China a Communist economic and social order. The Chinese Communists

aim at eliminating Nationalist Chinese and Western power from China and contiguous territories as rapidly as possible. With support of the USSR, they aim further at the final victory of world communism and at Chinese leadership of a Communist Far East.

Sino-Soviet Relations.

3. The Chinese Communists are closely coordinating policy and acting in close cooperation with the USSR. There is between Peking and Moscow a defense treaty. There is also at the present time a strong bond of mutual interest in jointly protecting the security of the two regimes, in eliminating Western influence from Asia, and in furthering the success of international communism.

4. The current Soviet program of economic and military assistance is contributing to Communist China's ability to progress toward its military objectives. Western counter-measures against Chinese Communist advances would render Communist China more dependent on the USSR for such further economic and military support as the USSR might be able or willing to provide. It is possible that such measures would result in Communist China becoming an economic liability to the USSR.

5. Latent possibilities of conflict between Peking and Moscow exist in such questions as: (a) control of Chinese border territories like Sinkiang and Manchuria; (b) ultimate control over Korea; (c) Soviet efforts to infiltrate and control the Chinese Communist government; and (d) failure of the USSR to meet the economic and military requirements

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of Communist China. But these elements of potential conflict between Chinese national interests and Soviet imperialistic policy and tactics are unlikely to develop at least so long as Communist military operations against the "common enemy" continue to be successful.

6. If Soviet strength should decline sharply in relation to that of the US and its allies, and if, at the same time, the Chinese Communist regime became convinced that it could remain in power through an accommodation with the US and its allies, the Chinese Communist regime might conceivably attempt to break its association with the USSR. This situation is unlikely to develop in the foreseeable future.

Immediate Chinese Communist Threats To US Security Interests.

7. The Chinese Communists are following a course of action designed to destroy US strategic interests in the Far East and to reduce the worldwide power position of the US and its allies in relation to the joint power position of the USSR and China.

8. The scale of the Chinese Communist operations in Korea and the unwillingness of the Chinese Communists to discuss a diplomatic settlement except on their own terms indicate that they intend to drive UN forces out of Korea; they have already committed a large proportion of their best troops for this purpose, and are prepared to commit additional forces.

9. The Chinese Communists have indicated their firm intention of capturing Taiwan in order to complete the conquest of Chinese territory and eliminate the last stronghold of the Nationalist regime. The Chinese Communists have the capability for mounting an amphibious attack on Taiwan. So long as the US Seventh Fleet is available to protect the island, however, it is unlikely that the Chinese Communists would undertake such an operation.

10. The Chinese Communists at present also have the capability of intervening effectively in Indochina. They have been supporting the Viet Minh for some time. Direct intervention in strength is almost certain to occur

whenever there is danger either that the Viet Minh will fail to attain its military objective of driving the French out of Indochina, or that the Bao Dai government is succeeding in undermining the support of the Viet Minh. Even if they do not openly intervene in Indochina, they can and probably will increase military assistance to the Viet Minh in an effort to make the French position untenable.

11. The Chinese Communists are also capable of securing Hong Kong at any time, and they are likely to do so whenever they have convinced themselves that there is no longer any advantage in leaving Hong Kong in British hands and whenever they are willing to accept the consequences of hostile action against British territory. Similar considerations apply to Macao. In the case of Hong Kong, they might stay their hand so as to utilize the Hong Kong problem as a continuing wedge between the US and UK or to preserve the flow of trade through Hong Kong.

12. The Chinese Communists have further capabilities of attacking Burma and of carrying on subversive activities in other countries of Southeast Asia. It is estimated that at present they do not have the capabilities for military attack upon Japan.

13. Under present circumstances, the Chinese Communists probably have the military capability of concurrently carrying on their operations in Korea, intervening effectively in Indochina and Tibet, attacking Burma, and capturing Hong Kong, while continuing to contain opposition groups within China.

Vulnerabilities of Communist China.

14. Because of Communist China's well recognized enormous numbers of ground forces, the great extent of its territory, and the inadequacy of its communication routes for large-scale Western-type military ground operations, the counter-measures to which Communist China is most vulnerable are the following:

(a) Support of Resistance Forces.

By supplying the active anti-Communist forces already present in mainland China with effective communications, military equipment, and logistical support, Communist mili-

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tary strength could be sapped, and their capabilities for operations elsewhere could be reduced. Even under these circumstances, these opposition groups would be unlikely to overthrow the Chinese Communist regime in the absence of an effective counter-revolutionary movement, a political program, a clearcut organization, competent leadership and a plan for action.

(b) Use of Nationalist Forces.

The Nationalist Chinese Government on Taiwan has an army in being of approximately 423,000 troops. There is considerable doubt, however, as to the reliability and effectiveness of the Nationalist forces under present Nationalist leadership. The morale and combat efficiency of these forces could doubtless be substantially improved under US training and supervision. Given adequate logistic support, a large portion of these forces could be landed on the mainland. There is considerable question as to whether the Nationalists could mobilize popular support on the mainland or command the effective co-operation of present guerrilla forces. They might, however, be able to capitalize on existing discontent with the Communist regime. Such an operation would for a time occupy considerable Communist military strength.

(c) Economic Warfare and Limited Military Action.

Although the economy of China is mainly rural and operates at the subsistence level, the urban segment of the economy is largely dependent on overseas and coastal trade, and by reason of its concentration in a few locali-

ties, is particularly vulnerable to bombardment and blockade. Curtailment of foreign trade by Western economic controls, embargos, or by naval blockade, would create urban unemployment and unrest, hinder industrial production and development, and create serious financial difficulties. A campaign of aerial and naval bombardment against selected ports, rail systems, industrial capacity and storage bases, in addition to economic warfare measures, would seriously reduce the military capabilities of Communist China for sustained operations, would impair the ability of the regime to maintain internal controls and conceivably might imperil the stability of the regime itself.

(d) Continuation of UN Operations in Korea.

The continued maintenance of UN military operations in Korea would result in a significant drain on the Chinese Communists, would pin down a large portion of their crack troops and reduce their war-making capabilities elsewhere. It could have other far-reaching effects, such as weakening the present feeling of invincibility, reducing the prestige the regime is gaining from current successes, encouraging internal opposition and straining relations with the Kremlin.

(e) Effect of Counter-Measures.

The measures outlined in (a), (b), (c) and (d) above, if applied in combination, would imperil the Chinese Communist regime. These actions would, however, create a grave danger of Soviet counteraction and would increase the danger of a global war.

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SECTION 9

NIE-58

Relations Between the Chinese
Communist Regime and the USSR:
Their Present Character and
Probable Future Courses

10 September 1952

APPROVED FOR RELEASE
DATE: MAY 2004

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NATIONAL INTELLIGENCE ESTIMATE

RELATIONS BETWEEN THE CHINESE COMMUNIST REGIME AND THE USSR: THEIR PRESENT CHARACTER AND PROBABLE FUTURE COURSES

Superseded by 13-56



NIE-58

Published 10 September 1952

The following member organizations of the Intelligence Advisory Committee participated with the Central Intelligence Agency in the preparation of this estimate: The intelligence organizations of the Departments of State, the Army, the Navy, the Air Force, and the Joint Staff.

All members of the Intelligence Advisory Committee concurred in this estimate on 4 September 1952. See, however, the reservation of the Special Assistant, Intelligence, Department of State, to paragraphs 5 and 26.

CENTRAL INTELLIGENCE AGENCY

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APPROVED FOR RELEASE
DATE: MAY 2004

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RELATIONS BETWEEN THE CHINESE COMMUNIST REGIME AND THE USSR: THEIR PRESENT CHARACTER AND PROBABLE FUTURE COURSES

THE PROBLEM

To estimate the present nature and state of relations between Communist China and the USSR and to estimate the probable courses of these relations over the next two years.

CONCLUSIONS

1. The Peiping regime accepts Moscow leadership in the world Communist movement, and is becoming increasingly dependent on the USSR economically and militarily. However, we believe that the Peiping regime retains some capability for independent action, and is in a position to influence the formulation of Communist policy in the Far East.
2. We believe that Moscow will try to extend and intensify its control over Communist China. However, we believe it unlikely that, at least during the period of this estimate, the Kremlin will be able by nonmilitary means to achieve a degree of control over Communist China comparable to that which it exercises over the European Satellites. We believe it is almost certain that the Kremlin will not attempt to achieve such control by military force.
3. Over the long run, Sino-Soviet solidarity might be weakened as a result of efforts by the USSR to intensify and extend its control over Communist China, disputes over Soviet economic and military assistance to Communist China, divergent views concerning the border areas, Communist Chinese efforts to control and direct Far Eastern "liberation movements," or divergent views over the priority of Far Eastern Communist objectives in relation to other world Communist objectives.
4. We believe that during the period of this estimate these factors will be far outweighed by close ideological ties and continuing mutual involvement in the pursuit of common objectives, particularly the elimination of Western influence from the Far East.
5. Although the Peiping regime will undoubtedly continue to attempt to gain legal recognition internationally, to secure Formosa, and to resume trade and commerce with the West, we do not believe that the existing Sino-Soviet solidarity can be weakened by non-Communist concessions to Communist China.

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Moreover, as we have previously estimated, we believe that Western pressures against Communist China, while weaken-

ing her, would not disrupt Sino-Soviet solidarity during the period of this estimate.¹

DISCUSSION

Introduction

6. Communist China and the USSR present a united front to the world. Since the establishment of the Chinese Communist regime in 1949 there has been no reliable indication that either country has adopted any important course of action of joint concern without the consent of the other. In February 1950, the Chinese Communists and the USSR signed a 30-year treaty of friendship, alliance, and mutual assistance, and this treaty provides the formal basis for current relations between the two states.²

CURRENT STATUS OF SINO-SOVIET RELATIONSHIP

Soviet Communism and the Chinese Communist Party

7. The Chinese Communist Party (CCP), unlike the Communist parties of the European Satellites, gained power with little assistance from the Soviet Army. The Chinese Communist claims of independent achievement which allow the USSR credit only for ideological and moral support until the formation of the Peiping regime in October 1949, have some basis in fact although they underestimate the assistance given by the USSR during the period from 1945 to 1949.

8. The high command of most Communist parties in the world has undergone frequent and violent changes, which are believed to

have been dictated from Moscow. In contrast, the CCP has exhibited unique stability and continuity in its leadership. This leadership undoubtedly takes pride in its independent rise to power and recognizes that it possesses a capacity for independent action.

9. The Chinese Communists claim for Mao Tse-tung authority in his own right as a Communist theoretician. This claim has been accepted in part by Moscow, and the prestige accorded Mao in this respect goes far beyond that accorded any other contemporary non-Soviet Communist. However, even those Chinese who would place Mao near Stalin in authority profess allegiance to the Marxist-Leninist-Stalinist doctrine held by the rulers in Moscow. The CCP leaders have repeatedly and emphatically proclaimed their adherence to Stalinism, their rejection of the "national selfishness" of Titovism, and their debt to the inspiration and example of the Russian leaders and the October Revolution. Common ideology is thus a strong force binding together the Chinese and Soviet regimes. Peiping and Moscow both aim at expelling all Western influence from Asia and at extending Communist control over the entire area. Both desire to spread the Communist world revolution.

¹The published text of the treaty is appended as Annex "A." The more important clauses of this brief and general treaty provide that: (a) in the event one party is attacked by Japan or any state allied with it and thus is involved in a state of war, the other will immediately render military and other assistance by all means at its disposal; (b) the two parties will consult with each other in regard to all important international problems affecting their common interests; and (c) each party undertakes, in conformity with the principles of equality, mutual benefit, and mutual respect for the national sovereignty and territorial integrity and noninterference in the internal affairs of the other, to develop and consolidate economic and cultural ties.

²The Special Assistant, Intelligence, Department of State, believes that the difficult and complex problem of the possible effect of Western actions on Sino-Soviet solidarity requires more thorough study than has been possible in the course of preparing this or earlier national intelligence estimates. He therefore reserves judgment on the validity of paragraph five, preferring to state simply that a significant weakening of Sino-Soviet solidarity is unlikely during the period of this estimate.

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Other Soviet Influences in Communist China

10. Soviet political and economic "advisors" are stationed in China at various governmental and party levels. We do not believe that these advisors issue direct orders, but the Chinese have been receptive to their advice, which seems to be given through Chinese intermediaries. Soviet advisors are not only attached to the government and the party and to certain economic and security organs, but are also assigned to specific engineering, industrial, and cultural projects. Neither these advisors nor the Kremlin has criticised, at least publicly, the internal policies of Communist China or the implementation of these policies.

11. The Korean war greatly increased Communist China's economic dependence on the USSR. The adoption of more severe Western trade controls in July 1951 has accelerated the orientation of Communist China's trade to the Soviet Bloc. Although Communist Chinese economic dependence on the Bloc increases Soviet influence in Communist China, the USSR does not directly control the Chinese economy or operate any of the industry of mainland China (outside of Manchuria and Sinkiang).

12. The Korean war appears to be directed from joint Sino-Soviet military headquarters. The Chinese Communists are undoubtedly strongly influenced by Soviet military advisors, and it is probable that no major decisions are made in the Korean war without Soviet approval.

13. Except for captured equipment, the Chinese Communist forces are wholly dependent on the USSR for heavy items of military equipment, and the large scale of Soviet logistic support has presumably further increased Moscow's influence with the Chinese military. The Chinese Communist Air Force is largely a Soviet creation and is wholly dependent upon the USSR for equipment and supply.

Situation in the Border Areas

14. In Manchuria, the influence of Chinese Communist political and military leaders appears to outweigh that of the Soviet personnel in the area. Economic policies also reflect the

central planning and directives of Peiping. Nevertheless, the USSR exerts great influence over economic and strategic developments in the area through its military and economic advisors, its intelligence activities, its supervision of rail lines, and its control of the Port Arthur naval base area. According to the Sino-Soviet agreements,² Soviet control over Port Arthur and participation in the administration of Manchurian rail lines is scheduled to be terminated in 1953; however, it is probable that such termination would not greatly lessen Soviet influence in Manchuria.

15. Soviet advisors and commercial enterprises in Inner Mongolia have economic and political influence, particularly in Eastern Inner Mongolia which borders on the USSR. However, Peiping has at least administrative control, and the strength of Chinese influence appears to be growing.

16. In Sinkiang, Peiping has stationed 70,000 troops and appears to exercise effective administrative control. For geographic reasons, however, Sinkiang's trade is chiefly with the USSR, and the Chinese need Soviet assistance to develop the resources of the area. The USSR exerts great influence through three Sino-Soviet companies and through Soviet citizens in the service of the provincial government.

17. Soviet influence in the border areas, political as well as economic, is extensive. At the same time, Chinese Communist political and territorial interests have apparently not been sacrificed in the interest of Soviet expansion. The trend since 1950 appears to be towards an increase in Chinese Communist administrative control.

The Character of Current Sino-Soviet Relations

18. From a consideration of the available evidence, we conclude that the Peiping regime — unlike the European Satellites — is not directly and completely controlled by the Kremlin. Sino-Soviet cooperation is based upon Chinese Communist acceptance of Moscow leadership

²See Annex "B" for the published text of the agreement between Communist China and the USSR on the Chinese-Changshun Railway, Port Arthur, and Dairen.

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in the world Communist movement, a common ideology, and the common objective of eliminating Western influence from the Far East. This relationship is further solidified by common hostility to a resurgent and non-Communist Japan and to US power in the western Pacific. It is greatly reinforced by the Kremlin's need for an ally in the Far East, and by Communist China's need for Soviet assistance in training and equipping its armed forces and in developing its economy.

19. We believe also that the size and potential of China, the strength and cohesion of the Chinese Communist Party, the traditional Chinese xenophobia, and the inherent difficulties encountered by foreigners in exercising control in China, have permitted the Chinese Communists to retain some capability for independent action and a capability to exert an influence upon the shaping of Communist policy in the Far East.

20. The Chinese Communist regime appears willing to subordinate, at least temporarily, those Chinese national interests which are incompatible with the interests of the USSR, to submerge any fears it may have of Soviet expansion at China's expense, and to substitute for China's traditional unilateral policy of playing foreign powers against one another, a joint Sino-Soviet policy of endeavoring to eliminate Western influence from Asia. Chinese Communist leaders probably estimate that close Sino-Soviet collaboration will ensure Chinese security from Western counteraction, and ensure Soviet economic and military aid without ending China's independence.

21. The Kremlin appears to recognize that Communist China now possesses the determination and some capacity to pursue its own interests. Moreover, the Kremlin almost certainly sees in the present relationship the opportunity to use Communist China to weaken the Western position in Asia. On the other hand, the Kremlin probably views the relationship also as an opportunity to extend Soviet domination over Communist China by subversion, by making Communist China economically and militarily dependent upon the USSR, and by Soviet pressure upon the

borderlands. Furthermore, a friendly Communist China provides the USSR with a defense in depth, constitutes a valuable potential source of manpower and other resources, and is an important political and psychological asset.

Future Course of Sino-Soviet Relations

22. We believe that the following factors will tend to ensure the continuation of Sino-Soviet solidarity during the period of this estimate:

a. The cohesive force of common ideology will probably continue to bind the two regimes together.

b. The military and economic dependence of Communist China upon the USSR will increase, at least for as long as the Korean war continues without settlement.

c. Continued US assistance to the Nationalist Government on Taiwan, the US-Japan Security Pact, and the ever-present apprehension of US action against Communist China itself will tend to draw Communist China and the USSR together.

d. Neither the USSR nor Communist China now appears capable of altering the current relationship to its advantage without jeopardizing the attainment of its own objectives. A Chinese Communist effort unilaterally to revise the relationship or to leave the Bloc would result in the cessation of Soviet economic and military aid and support and in serious dissension within the Chinese Communist Party and the armed forces. It might lead to armed conflict with the USSR. Similarly, a Kremlin effort to reduce Communist China to the status of the European Satellites might lead to armed conflict with Communist China and would divide and confuse the international Communist movement.

23. On the other hand, the following factors may, sooner or later, weaken Sino-Soviet solidarity:

a. The history of Sino-Russian relations is full of conflicts over Sinkiang, Mongolia, and Manchuria. During the last century there has been almost continuous Russian encroachment on Chinese interests in those areas. The Sino-Soviet Treaty of 1980 temporarily

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ended such border disputes. It is difficult to believe, however, that such longstanding disputes have been permanently settled. We think that they are likely to recur, in one form or another, and that they must be considered in assessing the probable course of Sino-Soviet relations in the future.

b. Having provided assistance and advice to the "liberation" movements of other countries in the Far East, Peiping may attempt to extend its own sphere of influence. China has traditional aspirations to primacy in the Far East, and there is evidence that the Chinese Communist role in other Far Eastern "liberation" movements has been increasing but has not been permanently defined.

c. At present, the interests of China are for the most part confined to the Far East; those of the Kremlin are world-wide. Hence, the Chinese Communists may view the accomplishment of Far Eastern objectives with more urgency and impatience than do the Soviets, who might postpone action in the Far East because of situations elsewhere in the world. The Chinese Communists might make demands upon the USSR, or even take action, incompatible with long-range Soviet global interests. This is applicable to the Korean conflict which is a potential source of friction to the two regimes.

d. The Chinese Communist program of industrialization and military modernization increasingly depends on Soviet material and technical assistance. Frictions might arise because of Soviet inability or disinclination to supply capital equipment. Soviet conditions for such supply might be offensive to Chinese national pride.

e. We have estimated that the ultimate objective of the Kremlin is the establishment of a Communist world dominated from Moscow. We do not believe, however, that the leaders of Communist China would accept complete Soviet domination of China.

Whether future leaders of China will do so is a question; if they do not, a serious clash of interests is certain.

24. We believe that Moscow will try to extend and intensify its control over Communist China. However, we believe it unlikely that, at least during the period of this estimate, the Kremlin will be able by nonmilitary means to achieve a degree of control over Communist China comparable to that which it exercises over the European Satellites. We believe it is almost certain that the Kremlin will not attempt to achieve such control by military force. The military conquest of China would be a long, difficult, and expensive process.

25. We believe that for the period of this estimate the factors tending to divide the USSR and Communist China will be far outweighed by close ideological ties and continuing mutual involvement in the pursuit of common objectives, particularly the elimination of Western influence from the Far East.

26. Although the Peiping regime will undoubtedly continue to attempt to gain legal recognition internationally, to secure Formosa, and to resume trade and commerce with the West, we do not believe that the existing Sino-Soviet solidarity can be weakened by non-Communist concessions to Communist China. Moreover, as we have previously estimated, we believe that Western pressures against Communist China, while weakening her, would not disrupt Sino-Soviet solidarity during the period of this estimate.⁴

⁴ The Special Assistant, Intelligence, Department of State, believes that the difficult and complex problem of the possible effect of Western actions on Sino-Soviet solidarity requires more thorough study than has been possible in the course of preparing this or earlier national intelligence estimates. He therefore reserves judgment on the validity of paragraph twenty-six, preferring to state simply that a significant weakening of Sino-Soviet solidarity is unlikely during the period of this estimate.

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ANNEX "A"

THE TREATY OF FRIENDSHIP, ALLIANCE, AND MUTUAL
ASSISTANCE BETWEEN THE PEOPLE'S REPUBLIC
OF CHINA AND THE SOVIET UNION

The Central People's Government of the People's Republic of China and the Presidium of the Supreme Soviet of the Union of Soviet Socialist Republics, fully determined to prevent jointly, by strengthening friendship and cooperation between the People's Republic of China and the Union of Soviet Socialist Republics, the rebirth of Japanese imperialism and the resumption of aggression on the part of Japan or any other state that may collaborate in any way with Japan in acts of aggression; imbued with the desire to consolidate lasting peace and universal security in the Far East and throughout the world in conformity with the aims and principles of the United Nations; profoundly convinced that the consolidation of good neighbourly relations and friendship between the People's Republic of China and the Union of Soviet Socialist Republics meets the vital interests of the peoples of China and the Soviet Union, have towards this end decided to conclude the present treaty and have appointed as their plenipotentiary representatives: Chou En-lai, Premier of the Government Administration Council and Minister of Foreign Affairs, acting for the Central People's Government of the People's Republic of China; and Andrei Yannarjevich Vyshinsky, Minister of Foreign Affairs, acting for the Presidium of the Supreme Soviet of the Union of Soviet Socialist Republics. Both plenipotentiary representatives upon exchanging their credentials, found to be in good and due form, have agreed upon the following:

Article 1

Both contracting parties undertake jointly to adopt all necessary measures at their disposal for the purpose of preventing the resumption of aggression and violation of peace on the part of Japan or any other state that may collaborate with Japan directly or indirectly in acts of aggression. In the event

of one of the contracting parties being attacked by Japan or any state allied with it and thus being involved in a state of war, the other contracting party shall immediately render military and other assistance by all means at its disposal.

The contracting parties also declare their readiness to participate in a spirit of sincere cooperation in all international actions aimed at ensuring peace and security throughout the world and to contribute their full share to the earliest implementation of these tasks.

Article 2

Both contracting parties undertake in the spirit of mutual agreement to bring about the earliest conclusion of the peace treaty with Japan jointly with other powers which were Allies during the Second World War.

Article 3

Each contracting party undertakes not to conclude any alliance directed against the other contracting party and not to take part in any coalition or in any actions or measures directed against the other contracting party.

Article 4

Both contracting parties, in the interests of consolidating peace and universal security, will consult with each other in regard to all important international problems affecting the common interests of China and the Soviet Union.

Article 5

Each contracting party undertakes, in the spirit of friendship and cooperation and in conformity with the principles of equality, mutual benefit and mutual respect for the national sovereignty and territorial integrity and non-interference in the internal affairs of the other contracting party, to develop and

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consolidate economic and cultural ties between China and the Soviet Union, to render the other all possible economic assistance and to carry out necessary economic cooperation.

Article 6

The present treaty comes into force immediately upon its ratification; the exchange of instruments of ratification will take place in Peking.

The present treaty will be valid for thirty years. If neither of the contracting parties gives notice one year before the expiration of this term of its intention to renounce the treaty, it shall remain in force for another five

years and will be further extended in compliance with this rule.

Done in Moscow on February 14, 1950, in two copies, each in the Chinese and Russian languages, both texts being equally valid.

On the authorization of the Central People's Government of the People's Republic of China

CHOU EN-LAI

On the authorization of the Presidium of the Supreme Soviet of the Union of Soviet Socialist Republics

A. Y. VYSHINSKY

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ANNEX "B"

**THE AGREEMENT ON CHINESE CHANGCHUN RAILWAY, PORT ARTHUR,
AND DAIREN BETWEEN THE PEOPLE'S REPUBLIC OF CHINA
AND THE UNION OF SOVIET SOCIALIST REPUBLIC**

The Central People's Government of the People's Republic of China and the Presidium of the Supreme Soviet of the Union of Soviet Socialist Republics declare that since 1945, fundamental changes have occurred in the situation in the Far East, namely: imperialist Japan has suffered defeat; the reactionary Kuomintang Government has been overthrown; China became a People's Democratic Republic; a new people's government has been formed in China which has united the whole of China and has carried out a policy of friendship and cooperation with the Soviet Union and has proved its ability to defend the national independence and territorial integrity of China and the national honour and dignity of the Chinese people.

The Central People's Government of the People's Republic of China and the Presidium of the Supreme Soviet of the Union of Soviet Socialist Republics declare that this new situation permits a new approach to the question of the Chinese Changchun Railway, Port Arthur, and Dairen.

In conformity with these new circumstances the Central People's Government of the People's Republic of China and the Presidium of the Supreme Soviet of the Union of Soviet Socialist Republics have decided to conclude the present agreement on the Chinese Changchun Railway, Port Arthur, and Dairen:

Article 1

Both contracting parties agree that the Soviet Government transfer without compensation to the Government of the People's Republic of China all its rights in the joint administration of the Chinese Changchun Railway with all the property belonging to the Railway. The transfer will be effected immediately on the conclusion of the peace treaty with Japan, but not later than the end of 1963.

Pending the transfer, the existing Sino-Soviet joint administration of the Chinese Changchun Railway shall remain unchanged. After this engagement becomes effective, posts (such as manager of the Railway, chairman of the Central Board, etc.) will be periodically alternated between representatives of China and the U.S.S.R.

As regards concrete methods of effecting the transfer, these will be agreed upon and determined by the Governments of both contracting parties.

Article 2

Both contracting parties agree that Soviet troops be withdrawn from the jointly-utilized naval base Port Arthur, and that the installations in this area be handed over to the Government of the People's Republic of China immediately on the conclusion of the peace treaty with Japan, but not later than the end of 1963. The Government of the People's Republic of China will compensate the Soviet Union for expenses which it has incurred in restoring and constructing installations since 1945.

For the period pending the withdrawal of Soviet troops and the transfer of the above-mentioned installations, the Governments of China and the Soviet Union will each appoint an equal number of military representatives to form a joint Chinese-Soviet military commission which will be alternately presided over by each side and which will be in charge of military affairs in the area of Port Arthur; concrete measures in this sphere will be drawn up by the joint Chinese-Soviet military commission within three months after the present agreement becomes effective and shall be put into force upon approval of these measures by the Governments of both countries.

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The civil administration in the aforementioned area shall be under the direct authority of the Government of the People's Republic of China. Pending the withdrawal of Soviet troops, the zone for billeting Soviet troops in the area of Port Arthur will remain unaltered in conformity with existing frontiers.

In the event of either of the contracting parties becoming the object of aggression on the part of Japan or any state that may collaborate with Japan, and as a result thereof becoming involved in hostilities, China and the Soviet Union may, on the proposal of the Government of the People's Republic of China and with the agreement of the Government of the U.S.S.R., jointly use the naval base Port Arthur for the purpose of conducting joint military operations against the aggressor.

Article 3

Both contracting parties agree that the question of Dairen harbour be further considered on the conclusion of the peace treaty with Japan. As regards the administration of Dairen, it fully belongs to the Government of the People's Republic of China. All the property in Dairen now provisionally administered by or leased to the Soviet Union, shall be taken over by the Government of the People's Republic of China. To carry out the transfer of

the aforementioned property, the Governments of China and the Soviet Union will appoint three representatives each to form a joint commission which, within three months after the present agreement comes into effect, shall draw up concrete measures for the transfer of the property; and these measures shall be fully carried out in the course of 1950 after their approval by the Governments of both countries upon the proposal of the joint commission.

Article 4

The present agreement comes into force on the day of its ratification. The exchange of instruments of ratification will take place in Peking.

Done in Moscow on February 14, 1950, in two copies, each in the Chinese and Russian languages, both texts being equally valid.

On the authorization of the Central People's Government of the People's Republic of China

CHOU EN-LAI

On the authorization of the Presidium of the Supreme Soviet of the Union of Soviet Socialist Republics

A. Y. VYSHINSKY

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SECTION 10

NIE 13-54

Communist China's Power
Potential Through 1957

3 June 1954

APPROVED FOR RELEASE
DATE: MAY 2004

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NATIONAL INTELLIGENCE ESTIMATE

COMMUNIST CHINA'S POWER POTENTIAL
THROUGH 1957



Classified
by 13-56

NIE 13-54

Approved 25 May 1954

Published 3 June 1954

The Intelligence Advisory Committee concurred in this estimate on 25 May 1954. The AEC and FBI abstained, the subject being outside of their jurisdiction.

The following member organizations of the Intelligence Advisory Committee participated with the Central Intelligence Agency in the preparation of this estimate: The intelligence organizations of the Departments of State, the Army, the Navy, the Air Force, and The Joint Staff.

CENTRAL INTELLIGENCE AGENCY

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COMMUNIST CHINA'S POWER POTENTIAL THROUGH 1957

THE PROBLEM

To estimate the political, economic, and military development of Communist China through 1957.

CONCLUSIONS

1. The Chinese Communists' have as their long-range goal the development of a Soviet-style state in China, with its own bases of economic and military strength, and dominant in eastern and southern Asia. To this end they will proceed, as rapidly as possible, through the forced and ruthless measures characteristic of Communist regimes, to reorganize the social structure along Communist lines, improve the effectiveness of the administrative system, and develop the economy to the extent feasible. The regime will devote substantial resources to modernizing and strengthening its armed forces as a power base for its foreign policy.

2. Although the Chinese plans for economic development are not known in detail, it appears that these plans contemplate an increase in total output in 1957 to 20-25 percent above the 1952 level. Emphasis is placed upon increasing the output of the modern industrial sector, particularly heavy industry and transport. Fulfillment of the regime's economic plans depends upon increasing

agricultural output while rigorously restricting consumption so as to provide the resources needed to support the industrial investment and military programs. A large part of the capital goods needed to fulfill the program will have to be obtained from the rest of the Soviet Bloc in return for Chinese exports. Available resources will have to be efficiently allocated to ensure that crucial sectors of the economy, such as transport, meet the demands generated by increasing production.

3. Barring a major crisis or other unpredictable event, we estimate that China will have attained by 1957 a gross national product of roughly US \$32 billion, an increase of 20-25 percent over the 1952 figure. We estimate that agricultural output will be about 10 percent higher than in 1952, and the output of the modern industrial sector of the economy 70-100 percent higher. The increases in individual industries (including transportation) will of course vary widely from this over-all rate of increase. Even by 1957, however, the Communists will only have begun the modernization of China's economy. The country will as a whole remain agrarian and underdeveloped.

¹ Except where otherwise indicated explicitly or by context, "China" and "Chinese," as used hereafter, refer to Communist China and the Chinese Communists.

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4. We believe that by 1957 the Chinese regime will have increased its administrative efficiency and have further tightened its control over its people and resources, but the regime will not have been able substantially to alter traditional social patterns or to obtain more than passive acceptance from the bulk of the population. However, we believe that the regime's ability to direct and control China will not be significantly impaired. Furthermore, we believe that the regime will be able to master leadership problems that are likely to arise, even in the event of the death or retirement of Mao Tse-tung.

5. The internal control and the international power position enjoyed by the Communist regime rest largely upon the power potential of China's military establishment, at present the largest of any Asian nation. We believe that the military establishment will gain in strength

and effectiveness during the period of this estimate through the regime's program of modernization and training. Soviet assistance will continue to be essential to the fulfillment of this program.

6. We believe China's dependence on the USSR will not be significantly lessened during the period of this estimate, and that maintenance of the alliance with the USSR will continue to be a dominant aspect of China's foreign policy. The Communist Chinese regime will continue to consolidate its political position, to gain in economic and military strength, and by 1957 will be a more powerful force in world affairs than at present. Certain aspects of China's development will be used to support claims that time is on the Communist side in Asia. China's increased power and prestige will present a challenge to the influence of the Western nations in Asia, and to the Asian leadership aspirations of India and Japan.

DISCUSSION

I. INTRODUCTION

7. Since their assumption of power in 1949, the Chinese Communists have, with Soviet assistance, built up a powerful military establishment. The Communists have undertaken a political and social revolution of vast proportions, and they have virtually eliminated effective opposition. They have largely rehabilitated and established control over the country's economy.

8. The Communist regime has accomplished the foregoing in the face of serious obstacles and at great economic and human cost. In 1949 the regime was confronted by widespread economic disruption, and general weariness resulting from 12 years of virtually continuous war. The regime has had to impose its will on 500,000,000 Chinese people and over an

area approximately as large as the US, Mexico, and Alaska combined. The bulk of the people are illiterate; communication and transportation facilities are rudimentary or inadequate in many areas. Formidable problems must still be overcome before the Chinese reach the ambitious goals set by the regime.

II. PRESENT SITUATION IN CHINA

9. The Chinese Communist regime has undertaken to create an industrialized and militarily powerful state. At present, the energies of the regime appear to be devoted to the consolidation and expansion of China's economic strength, modernization of military forces, and the transformation of China's political and social structure. To these ends, the regime is creating a more effective administration of government, intensifying its con-

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trois, and undertaking to eliminate or neutralize institutions or individuals which stand in the way of its goals.

Political Development

10. *Administration and leadership.* The Chinese Communists have adapted Soviet administrative and political institutions and techniques to Chinese conditions. The highly centralized and dictatorial government has instituted effective measures to suppress traditional regional, clan, and ethnic loyalties, and has imposed a unitary state structure with direct lines of command down to the village level.

11. Ultimate power in China resides in the Communist party and is vested in the Political Bureau (Politburo) of the Party's Central Committee. Under Mao Tse-tung's leadership each of the five principal members of the Politburo appears to have certain general areas of responsibility, in addition to collective responsibility in the Politburo: Liu Shao-ch'i, party affairs; Chou En-lai, operation of the government; Chu Teh, military; and Ch'en Yun and Kao Kang, economic affairs.

12. The decisions of the Politburo are transmitted through a governmental structure patterned on that of the USSR. (See Chart I.) The highest place in the governmental structure is reserved for the All China People's Congress, a body to be chosen by national elections now promised for 1954. Until this event takes place the top governmental body is the Central People's Government Council, headed by the Chairman (Mao Tse-tung) and six vice-chairmen. To bolster the fiction that the government is a coalition, three of the six vice-chairmen are "democratic personages" representing other political groups such as the Chinese Democratic League and the Kuomintang Revolutionary Committee. The principal administrative bodies — the Government Administration Council and the People's Revolutionary Military Council — are nominally responsible to the Central People's Government Council. However, since the principal members of the Politburo are also members of these administrative bodies, the authority of the Communist party is brought to bear

directly upon the administration of the state. Decisions made by the national authority are implemented in each of the administrative regions of China by a regional organization composed of party, government, and military organs. A similar pattern of integrations of party and government is repeated down to local government level.

13. Chinese leadership is marked by the cohesion and stability of the party elite. The Communist leaders have been closely knit by their common experience in revolution and war since the party's founding in 1921. As in any group, however, there have been rivalries for power in the past and some almost certainly exist at present. Party pronouncements such as the February 1954 warning by the Central Committee on existing dangers to party unity suggest the existence of differences and rivalries, and there are hints of the existence of ill-defined groupings about Liu Shao-ch'i and Chou En-lai. There is no firm evidence, however, of clearly established factions among the upper echelons. There have been no major purges in the past 16 years.

14. The precise manner in which Soviet influence or control finds its way into Chinese policies is not known. The USSR apparently treats its Chinese ally with deference. Soviet advisers almost certainly are in contact with the highest level of Chinese party and government leadership, but we do not believe that these Soviet officials issue direct orders. We believe the USSR is able to exert influence over Chinese policies primarily by virtue of their common ideology and China's economic and military dependence on the USSR.

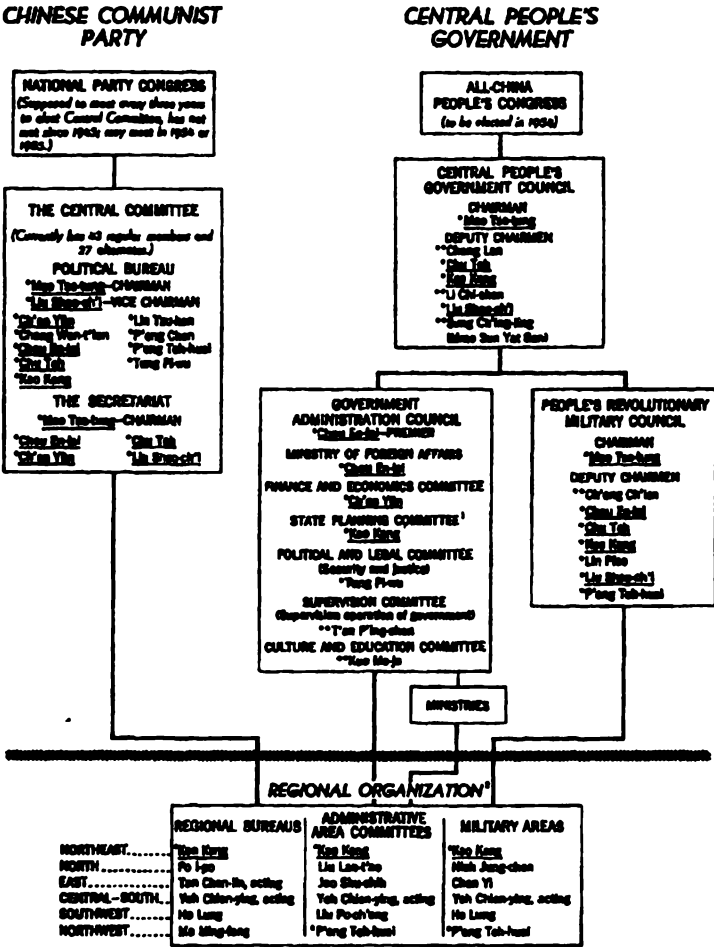
15. *Political Controls.* The Communist regime has vigorously and ruthlessly set about establishing political control over the Chinese people. To do this, it has employed a wide array of programs, ranging from inducements and patriotic appeals to coercion and terror.

16. The Chinese Communists have developed an elaborate system of persuasion, involving social, economic, legal, and psychological pressures, and the operations of an extensive and highly coordinated propaganda apparatus. The Communists have sought to instill in the people a sense of participation in

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Chart 1
COMMUNIST CHINA
PARTY AND GOVERNMENT ORGANIZATION



*Chinese Communist Politburo Members
**Non-Communist Party Members

The underlining indicates the government positions held by the six most important members of the Politburo.

1. The exact relationship of the State Planning Committee to the Government Administration Council is not known.

2. In addition there are two autonomous areas, Inner Mongolia and Tibet, that are also on a regional level.

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the "new China" and, through exaggerated claims of China's military and diplomatic accomplishments, to stimulate Chinese national pride. The regime has attempted to win public support by extensive campaigns against corruption and nepotism and by promising increased opportunity to the peasantry and urban proletariat. The regime has tried in particular to win the loyalties of youth.

17. The Communists have had considerable success in winning support from certain segments of the population. Some of the initial revolutionary zeal remains. In particular, a large portion of China's youth is impressed by the regime's achievements. Other important and energetic elements of support are found among members of the armed forces, government workers, skilled industrial workers, and a considerable proportion of the women.

18. Through terror and force, the Communists have eliminated the landlord class and thousands of businessmen, professionals, and former government officials. There is no evidence of significant organized resistance to the regime. To insure its control, the regime has established extensive security and police forces in addition to the army. In addition to these organized forces, the regime's ability to ferret out dissenters has been augmented by a pervasive system of vigilance committees and volunteer informers.

19. However, much of the voluntary support the regime received in 1949 has been dissipated. The regime's coercive measures have created an atmosphere of fear among many segments of the population. Many Chinese have probably become increasingly suspicious that the USSR is encroaching upon China's sovereignty. In some instances, strong adverse reactions have resulted from attacks on religious and traditional institutions. Increased taxation and regimentation have caused an adverse reaction among the farmers. Dissatisfaction has arisen among workers as a result of the failure of real income to rise. Merchants and petty shopkeepers are resentful of heavy taxes and government competition. Dissatisfaction has grown among intellectual and professional groups as

a result of the drop in their living standards and of the regime's unrelenting pressure toward literal conformity.

20. However, such dissatisfaction as now exists in China has neither the universality, the intensity, nor the physical means by which to transform itself into effective resistance.

Economic Situation

21. China is an underdeveloped agricultural country with a population of 600 million. China's estimated gross national product of approximately US \$37 billion^{*} is less than one-third of Soviet and about one-fourteenth of US GNP. China's per capita gross national product of roughly US \$54 is about equal to that of India but only about one-quarter that of Japan. While there are the beginnings for a modern industrial development the present contribution of the industrial sector to total output is small. The regime faces a formidable task in achieving its long-term goal of a modern industrialized economy. To accomplish this, the Communists are developing their organization for planning and for controlling the economy.

22. As in any planned economy, the national budget is the major instrument for channeling resources to implement the regime's programs. By 1953, the Chinese national budget had risen to about a third of the gross national product, a substantially lower proportion than in the case of the USSR. The two most important categories of budget expenditures during this period have been military outlay and capital investment. (See Chart II for breakdown of the budget.)

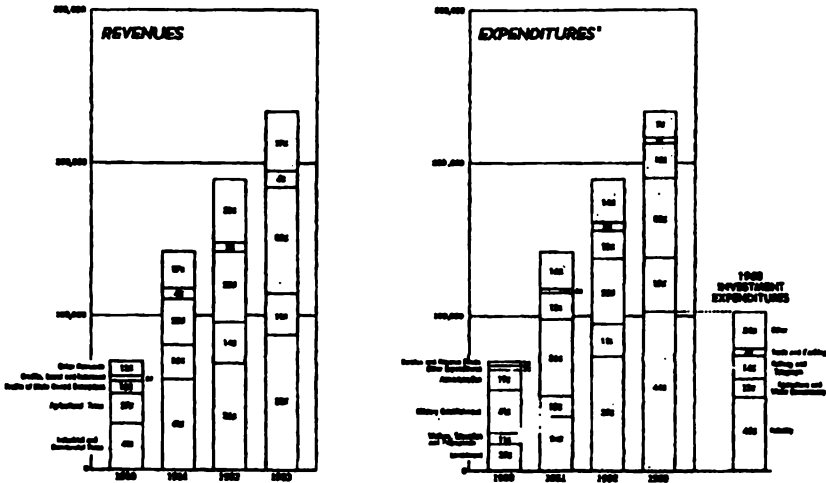
23. In 1949, when the Communists undertook the task of rehabilitating and expanding the Chinese economy after 12 years of wartime disruption, production was extremely low. At that time, the production of electric power was only about two-third's of the peak production under the Japanese, coal roughly two-

^{*} Estimates based on 1953 data are used generally throughout. Changes since 1953 are believed not to have altered the general order of magnitudes or the relationships.

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Chart 2
BUDGET OF COMMUNIST CHINA, 1950-53¹
(Billions of Current Yuen)



¹ The figures in this chart are taken from published Chinese Communist budget.
² It is probable that comparisons other than "military establishment" would indicate substantial increases in the expenditure on military projects, especially for the years 1952 and 1953. However, it is believed that such adjustments for data from investment expenditures have increased over time substantially than military expenditures.

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fifth's, and finished steel about one-sixth. (See Table I.) By the end of 1952, the Chinese had succeeded in general in rehabilitating the economy. Steel production exceeded by roughly one-quarter the highest levels reached between the years 1937 and 1945; grain and power production were slightly above this level; and coal output was about three-quarters of this level. (See Chart III for comparison of Chinese production in 1952 with highest 1937-1945 levels and with production in US and USSR.)

TABLE I
ESTIMATED PRODUCTION OF SELECTED KEY
COMMODITIES IN CHINA, 1952

Commodity	Units	1937-1945 Peaks Year - Quantity		1952
Food Grains	million metric tons	1939	300	115
Electric Power	billion KWH	1944	7	8
Crude Steel	million metric tons	1945	0.9	1.1
Crude Oil	thousand metric tons	1943	300	315
Coal	million metric tons	1943	65	80

24. The general rise in domestic production and trade, the great expansion of overland trade between the Soviet Bloc and China, and the movement of military supplies to Korea have increased demands on Chinese transport capacity. The regime has almost restored the rail net developed by the Chinese Nationalists and the Japanese in their respective zones prior to 1945. The Communists have also brought to completion about 800 miles of new lines. (For major transport lines see Map 1 at end of estimate.) However, the rail net is still inadequate in many areas. Lack of rail transportation has greatly hampered the exploitation of strategic minerals in western China, including such key projects as the development of the Yumen oil fields. Moreover, the Chinese have not yet restored the prewar supply of freight cars and loco-

motives. Largely because of the increased transport demand and shortages of rolling stock, the rail system is currently operating under considerable strain. Drastic measures are being employed to stretch present capacity by intensifying the utilization of equipment.

25. Other forms of transport have played a smaller part in the regime's program. There is still relatively little motor transport. Long distance motor transport has not been feasible in most areas because of poor roads and shortages of fuel. Transport via inland waterways is not utilizing the full capacity of available shipping, apparently in part because of the significant change in the pattern of trade. Cargo junks make up the bulk of China's inland and coastal water transport capacity, though the Chinese ocean-going merchant fleet of 101 small slow ships plays an important part in coastal trade from Shanghai northward. China is dependent on non-Chinese shipping for almost all of her seaborne foreign trade. Civil aviation is little developed and has been used primarily as an adjunct of military air transport, especially during the Korean War.

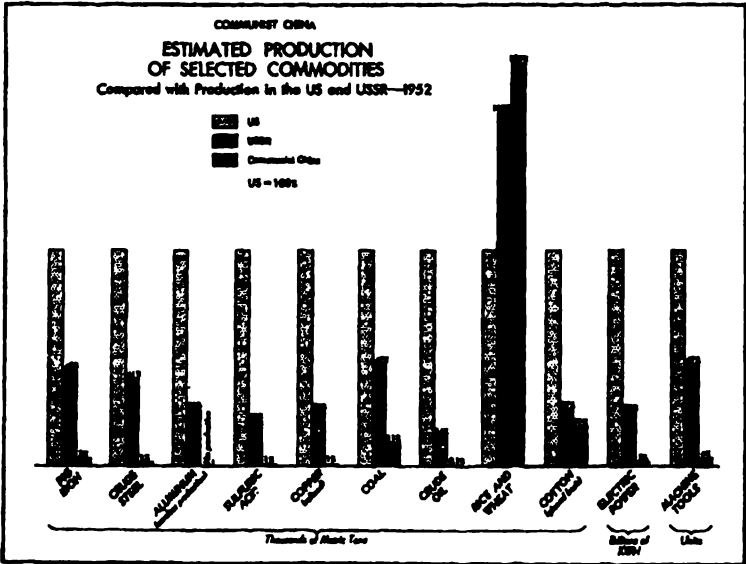
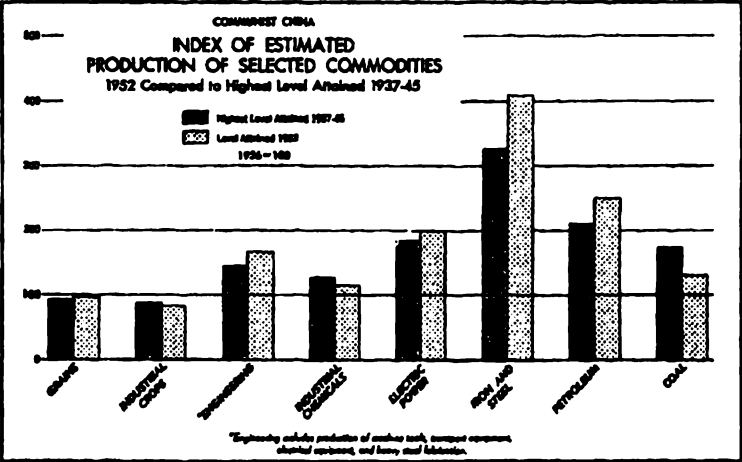
26. Although the Communists have made considerable progress in rehabilitating the Chinese economy, the basic pattern remains unchanged. Agriculture is still the primary activity and per capita production is still low. The major sector contributions to gross national product are shown in Chart IV. Moreover, the geographic concentrations of economic activity within China remain substantially unchanged. (See Map 1 at end of text.)

27. On the other hand, the Communists have made a major change in the direction and composition of China's foreign trade. In 1938 practically all of this trade was with countries not now in the Soviet Bloc, while in 1952 the Soviet Bloc accounted for about 70 percent of China's foreign trade. In terms of constant dollars, China's total foreign trade in 1952 was roughly the same as in 1938. However, imports in constant dollars were considerably less in 1952 than in 1938 when a large import surplus was financed by Japa-

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Chart 3

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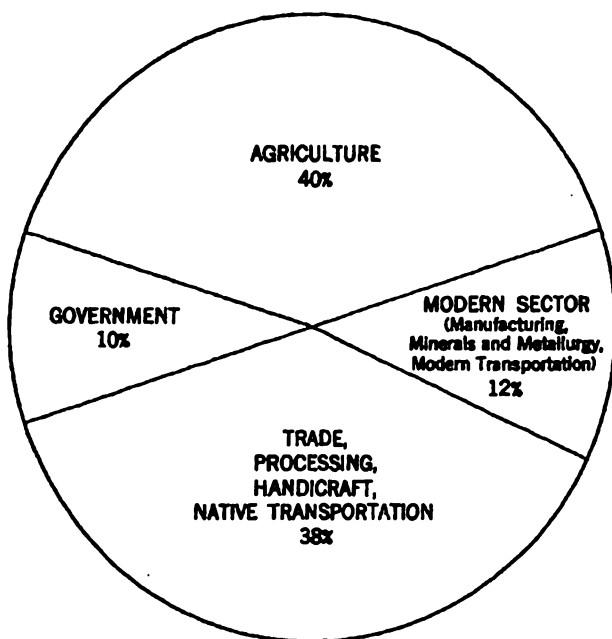
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Chart 4

COMMUNIST CHINA

GROSS NATIONAL PRODUCT
ESTIMATED PERCENTAGE CONTRIBUTION OF SECTORS
1952



Total GNP—\$27 billion

Per capita—\$34

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ness investment in Manchuria. Imports of consumer goods in 1952 constituted a smaller proportion of the total than in 1938. Imports of military supplies in 1952 constituted a much greater proportion of the total than in 1938. Imports of capital goods and industrial raw materials constituted about the same proportion in 1952 as in 1938. These changes in direction and composition have come about in part because of China's new political relationship with the Soviet Bloc, in part because of Western trade restrictions, and in part because of the requirements of China's programs of economic and military development.

Chinese Communist Armed Forces

28. The internal control and the international power position enjoyed by the Communist

regime rest largely upon the power potential of China's military establishment. Within China, the armed forces have held a position of unique privilege and power in the state hierarchy since Mao Tse-tung assumed leadership of the party. The loyalty of the military forces adds greatly to the regime's power to coerce the people. The Chinese military establishment is at present the largest of any Asian nation, with over 2 1/2 million men in the field forces and an actual aircraft strength of more than 1,500. (See Table II.) These forces, supported by the USSR and greatly improved by the Korean War, have given the Communists an overwhelming military advantage over the countries of non-Communist Asia and have profoundly affected the over-all balance of power in Asia.

TABLE II

CHINESE COMMUNIST MILITARY STRENGTH

Army		Air Force		Naval Air		Navy	
Total Strength	2,500,000	Total Strength	64,000	Total Strength	1,500	Total Strength	60,000
Field Force	2,500,000	Total Aircraft Strength		Total Plane Strength		Naval Vessels ¹	
		TO & E	Actual	TO & E	Actual		
100 Infantry Div.		1,800 —	1,800	160 —	80	1 Light Cruiser	
8 Armored Div.		930 —	720 Jet Fgts.	80 —	40 Piston Fgt.	17 Frigate/Gunboats	
3 Parachute Div.		280 —	170 Piston Fgts.	40 —	10 Jet Lt. Bmb.	3 Old Gunboats	
6 Cavalry Div.		280 —	150 Ground Att.	40 —	20 Piston Lt. Bmb.	4 Motor Gunboats	
10 Artillery Div.		280 —	120 Jet Lt. Bmb.			40-50 Motor Torpedo Boats	
40 Independent Reg.		240 —	220 Piston Lt. Bmb.			18 River Gunboats	
26 Independent Bn.						45 (or more) Amphibious vessels of all kinds	
		10 —	10 Piston Med. Bmb.			11 (or more) Auxiliaries	
		120 —	110 Transports				
Public Security Forces	1,000,000 ²						
18 Security Div.							
16 Independent Security Reg.							

¹ The light cruiser is believed to be nonoperational. In addition to the vessels listed the OCF has from 250 to 300 armed motor junks and district patrol craft. It is known that some Chinese personnel have undergone submarine training and one ex-Soviet submarine, possibly of the "medium-range" type, is in Chinese hands at Tsingtao. This submarine is believed to be in a "training status" and is not operational.

² Identified units constitutes only a small portion of total estimated strength. In addition to others as yet unidentified divisions and regiments, there are an unknown number of small local units of varying size scattered throughout China.

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29. The Chinese Army, with its heavy emphasis on the foot soldier and human or animal transport, would be less deterred by formidable terrain and extremes of weather than would a mechanized army. On the other hand, deficiencies in logistics, communications, heavy equipment, and combined arms technique would put the Chinese Army in a disadvantageous position in dealing with a modern Western army under conditions where heavy equipment and modern techniques could be used.

30. The Chinese air capability was not fully tested in Korea. Combat activity was limited almost entirely to an air defense role, and the air force operated as one component of the Communist Air Force, which also included Soviet and Korean units. The Chinese have a fair capability in air defense under good visibility conditions, but they have little capability at present for combat operations at night or in marginal weather. Although tactical support operations were not undertaken in Korea, the Chinese Air Force has some capability for such operations. Likewise, although the Chinese bombing capability was not tested in Korea, they have a sizable force of light bombers, both jet and piston, and a few medium bombers.

31. The Chinese Navy has a low over-all operational effectiveness by US standards. Not only is its equipment scanty but its mission and interests are subordinated to those of the army and the air forces. However, the Chinese Navy has the capability for carrying out limited surface combat operations in the coastal waters off the China mainland. These could include raids, coastal security patrols and escort operations, mine laying and mine sweeping, and amphibious assault over a short distance. While the naval air force is still in its formative phase, it has a limited capability of supporting surface combat operations by mine laying and by low altitude attacks against surface elements.

32. The major weakness of the Chinese armed forces is their lack of domestic supply facilities and their concomitant dependence upon the Soviet Union for such items as tanks,

aircraft, military transport, naval vessels, POL, electronic equipment, and spare parts. At the present time this weakness would become critical in the event of a general war in the Far East which involved both the Soviet Union and China. In such a circumstance, the ability of the Soviet Union to supply China with military goods would be limited by the capacity of the Trans-Siberian railway, in view of the demand on this capacity entailed in supplying Soviet forces in the Far East. Chinese arsenals at the present time are capable of producing small arms, light and heavy machine guns, mortars, light artillery, and ammunition for these weapons, but not in sufficient quantities to supply the present needs of the modernization program.

Chinese Communist Foreign Policy

33. The task of carrying out a political, social, and economic revolution within China along Communist lines is complicated by China's international relationships. China's alliance with, and dependence on the USSR as well as their common ideology have led China to subordinate some of its interests to broader Bloc interests. Mainly as a result of China's aggressive posture and actions toward non-Communist states, China has largely been cut off from non-Communist economic relations and diplomatic support.

34. The Peiping regime has embarked upon a program to make China the dominant power in a Communist Asia. An intrinsic part of this program is a strengthening of China's military establishment. Partly in pursuit of its long-range objective and partly in response to Soviet policy, Peiping has assumed a leading role in furthering international Communist policy in Asia.

35. China's domestic interest, international relationships, and long-term aspirations have resulted in a foreign policy along these broad lines: (a) maintenance of the alliance with the USSR; (b) aid to indigenous Communist parties and groups in non-Communist Asian countries; (c) continued application of political warfare pressure against non-Communist Asia; and (d) diplomatic and propaganda

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efforts designed to enhance China's prestige and world status. Such a policy appears to be designed to further China's domestic and international objectives without provoking open conflict with the West. It also appears to be based on the belief that time will work to the Communist advantage in achieving China's international aspirations.

III. PROBABLE TRENDS IN CHINA THROUGH 1957

Long-Range Objectives and Plans

36. The Chinese Communists have as their long-range goal the development of a Soviet-style state in China with its own bases of economic and military strength, and dominant in eastern and southern Asia. To this end they will continue to reorganize the social structure, improve the administrative system, and modernize the economy as rapidly as possible. They will continue gradually to enlarge the state sector of the economy, curtailing and subjugating private enterprise, and establishing large cooperative and collective farms. They will continue to give first priority to basic industrial and transport development. The regime will also devote substantial resources to modernizing and strengthening its armed forces as a power base for its foreign policy.

Problems of Leadership and Control

37. Within recent months, there have been increasing indications that the party leadership is dissatisfied with the performance of various high officials. The current emphasis on the need for party unity and collective leadership, while directed immediately at individual dissidents, appear ultimately directed to improvement of collective planning and management. It also seeks to minimize personal differences among party leaders in the event of Mao's death. Disagreement over Soviet aid and the pace of socialization may constitute an obstacle to the success of the economic program.

38. It is possible that China will be faced with a "succession" problem between now and

1957. Mao, now 60 years old, is reported to be in poor health. If he were to retire or die during this period, a collegial succession, at least initially, would be more probable. If a single leader were chosen either Liu Shao-ch'i or Chou En-lai would appear to be the most likely successor. In any event, Mao's disappearance from the scene would probably have an adverse effect upon China's ruling group, and would almost certainly have an adverse effect upon China's relative prestige within the Sino-Soviet partnership. We believe, however, that the problems arising out of possible need to choose a successor to Mao will not seriously impair the dictatorship or the regime's ability to direct and control China.

39. The regime must also overcome its acute shortages of qualified technical, managerial, and administrative personnel. Such shortages affect all sectors of the regime's efforts to administer, control, and develop China. The capacity of Chinese middle schools and institutions of higher education will be adequate to graduate only a fraction of the approximately 600,000 technicians, teachers, medical personnel, and trained workers in government and commerce which the regime has announced it will require by 1957 to carry out its national economic programs. The effects of this shortage in trained personnel will be aggravated by widespread Chinese technical inexperience and by the high degree of illiteracy (80 percent). China will therefore probably attempt during the period of this estimate to deal with shortages of trained personnel by lowering educational standards, by sending greater numbers of Chinese students to the USSR for training, and by utilizing Soviet advisers and technicians. By such measures, China will probably be able to avoid any serious breakdown of its political and economic programs. Nevertheless, the shortage of trained personnel will continue to be an important retarding factor in the regime's over-all progress.

40. The regime will continue to have difficulty in maintaining its present degree of support while pushing forward with its programs. Political and economic pressures will tend to

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antagonize the peasantry and certain other groups, and all classes will increasingly resent the use of force. Government appeals to nationalism as well as efforts to persuade the people of the necessity for Soviet advice and guidance may backfire by fostering resentment of Soviet influence in China, and thereby increase dissatisfaction with the regime. The regime's attacks on traditional Chinese values will continue to encounter increased resistance, particularly in rural areas. In any case, the regime will be unable to offer significant incentives to mitigate these adverse reactions because of the pressure on available resources entailed in fulfillment of its military and investment programs.

41. However, in some segments of the population certain other factors will be working in the regime's favor. By 1957, a substantial portion of China's population will have matured under Communist indoctrination. National pride may be stimulated by propaganda extolling real and imaginary achievements of a "new China." A sense of participation in China's national life will be increased by the activities of elective local, regional, and national bodies, even though these bodies will in fact have no real authority.

42. In sum, we believe that during the period of this estimate the regime will not have greatly changed the prevailing social customs and practices, nor will it have gone far in reducing illiteracy. We believe that while the regime will continue to receive the support of some and face the hostility of other portions of the population, the bulk of the people will continue to accept Communist leadership passively. In any event, because the efficiency of governmental control apparatus will probably improve, the degree of control exercised by the regime over the people will probably increase. Finally, we believe that the leadership will continue to resolve any personal differences which might significantly impair its ability to direct and control China.

Economic Problems and Programs

43. Although the Chinese plans for economic development are not known in detail, the regime in May 1953 announced a substantial

reduction of its goals in the first year of the five-year program. The program now appears to be to increase the gross national product in 1957 to 20-25 percent above the 1952 level. Emphasis is placed upon increasing the output of the modern industrial sector, particularly heavy industry and transport. Plans for industrial development appear to be directed in particular toward continued rehabilitation and expansion of the Manchurian plant, with some expansion of industry in the rest of China.

44. The central economic problem confronting the regime in carrying out its plans is to accumulate capital resources and to allocate such resources in a way most conducive to a rapid and efficient implementation of its programs. The major domestic determinant in the success of the programs will be the extent to which the regime is able to increase agricultural output to feed the growing population, to provide raw materials for industry, and to provide exports to pay for essential capital goods imports. At the same time, in restricting consumption the regime must avoid destroying production incentives. The regime must also avoid disrupting production by pressing too aggressively with its political, social, and economic reforms. The task of allocation will require the development of an effective administrative apparatus, despite the obstacles faced in the lack of trained personnel, poor communications, the low level of literacy, and the awkwardness of the written language. Allocation decisions must be made between the competing claims on the resources and energies of the regime for the economic, military, political, and social programs.

45. Aside from domestic considerations, the most important factor determining the rate of industrial development in China will be the volume of goods and services made available to China by the USSR. While China's ability to export commodities in demand by the Soviet Union and the European Satellites is an essential element, of equal significance is the availability in the Bloc of desired goods and services and the policy of the USSR with respect to building a strong China.

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46. China's agricultural system, involving about three-quarters of the total population, has basic weaknesses. There is a low ratio of cultivated land to the population. The farmers lack knowledge of new techniques; they lack capital with which to purchase fertilizers, insecticides, and equipment; individual holdings are generally too small to permit the introduction of mechanization even if capital were available. These factors result in inefficient use of manpower and low output per man.

47. Taking into account the many problems involved, we believe agricultural production will have increased by about 10 percent between 1952 and 1957. These gains in output are expected to result from expansions of acreage under cultivation, extension and repair of irrigation facilities, increased use of chemical fertilizers, and the additional incentive to intensive and diversified production induced by the expansion of urban and export markets. However, weather and other unpredictable factors may prevent the Communists from achieving such an increase. The regime may also encounter difficulties in its efforts to reorganize agricultural production and to enforce crop collection. The emphasis will be placed on cooperative action rather than on the formation of state farms. However, implementation of the regime's plan to organize some 20 percent of the farmers into producers' cooperatives by 1957, may have disruptive effects on agricultural production.

48. In order to provide capital from increased production to support industrial expansion and increased imports of capital goods, the Communists must maintain control over the rate of consumption. Pressures for increased consumption will come from the farmers, increased numbers of industrial workers, and the over-all rise in total population. The population increase, in part a result of improved public health measures and in part a result of more stable conditions, will tend to be concentrated, by migration, in the large urban areas where per capita consumption is about twice that of the rural areas. Because of this, a population growth projected at less than one percent per year, would increase total

consumption by five to eight percent between 1952 and 1957 even in the absence of any change in urban and rural living standards. Although the regime will be faced with many difficulties in restricting consumption, particularly in rural areas, we believe that its control mechanism is adequate to restrict consumption to roughly half of the expected 20-25 percent increase in total output by 1957. The remaining proportion could provide sufficient investment resources to permit achievement of the regime's estimated industrial and military programs.

49. Another crucial problem in fulfilling the industrial program will be the supply of capital goods. Domestic capital goods output is small, of poor quality, and of limited variety, and the Chinese Communists must depend on foreign trade — particularly with the Soviet Bloc — for the bulk of their supply of capital goods. Although the USSR provided US \$300 million in credits to China in the 1950-1954 aid agreement, the Soviet Union probably will not grant substantial further credits to China for capital goods and therefore we believe that China's imports with the possible exception of some military items are likely to be approximately limited to the amount which can be financed through exports. Moreover, since import programs from Bloc countries are determined in annual barter contracts and since transport between China and these countries is difficult, deliveries of capital goods are likely to be uncertain, with resulting adverse effects on the development program.

50. In view of the current deficiencies in rail transport and the large prospective increase in traffic requirements, the Communists will have to make strenuous efforts to insure that the rate of increase in transport capacity, particularly railroads, keeps abreast of the demands generated by the increase in production. The most urgent need will continue to be rolling stock. Locomotive and freight cars cannot be produced domestically in adequate quantities and therefore will have to be imported. Thus a crucial area of investment required for the fulfillment of the Chinese economic program will be the expansion of railroad capacity. The regime has recognized

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the importance of this problem and we believe that it will continue to give it high priority.

51. The Chinese will divert substantial resources to building up a modern military force. Over and above the funds allocated in announced national budgets for military expenditures (see Chart II), substantial funds for military purposes, such as arsenal construction, are concealed in other categories of the budget. We believe that at present something over US \$3 billion, about one-third of the national budget, is being expended on military items and that this level will not change substantially during the period of this estimate. Moreover, since China's armaments industry does not produce heavy equipment such as tanks and artillery or aircraft, a major share of foreign exchange earnings must be used for military end-items as well as equipment for expanding China's armament production. We believe the Chinese will utilize roughly one-third of total export earnings for the import of military end-items and POL during the period of this estimate. This does not include possible imports of military supplies given to China by the USSR on a grant or credit basis.

52. We estimate that by 1957 China can increase its total exports by about 50 percent over 1952, primarily through increased exports of agricultural and mineral raw materials. This increase would probably provide adequate funds for minimum import requirements of the industrial, agricultural, and military programs. The Soviet Bloc will probably make these imports available.

53. The Chinese Communists may seek to expand trade with non-Communist countries. Relaxation of non-Communist trade controls could contribute to the fulfillment of the regime's programs and reduce China's economic dependence on the rest of the Soviet Bloc. These effects would materialize, however, only to the extent that non-Communist countries were willing and able to extend credits and supply goods not available to China from Bloc sources, or on terms more advantageous to China than those entailed in trade with the Bloc.

54. In summary, although the Chinese will face many serious difficulties in achieving their economic goals, we believe that by 1957 the regime can expand total output by 20-25 percent over 1952.

Probable Developments in the Chinese Communist Military Establishment

55. The regime apparently intends to strengthen the military establishment primarily through modernization rather than through a significant increase in manpower. Soviet assistance will continue to be essential to the fulfillment of this program.

56. The capability of the army will almost certainly improve. The number of infantry divisions will probably be reduced to provide manpower to strengthen the remaining infantry divisions, and to increase the number of service and support units. Training will be intensified and selection and utilization of personnel will improve.

57. The air force is expected to be expanded and to be developed into a more balanced force. Its personnel strength will probably be expanded to about 90,000 and its authorized aircraft strength increased to approximately 2,500, including 1,400 jet fighters and 480 jet light bombers. The extent to which aircraft are provided to fill out the authorized strength depends on Soviet supply. The over-all combat readiness of the Chinese Air Force is expected to improve appreciably during the period as a result of increases in aircraft and personnel strength, improvement in training, and an increase in supporting services and facilities.

58. Naval development will probably be relatively minor, although it may include the acquisition of a number of coastal or medium-range submarines from the USSR. It is likewise expected that the Chinese Naval Air Force will be developed to an authorized strength of 340 aircraft, including 180 jet fighters and 80 jet light bombers. New techniques in training are expected to be introduced which will enhance the capability of this force to attack shipping of all types along the China coast.

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IV. CHINA'S POSITION IN 1957

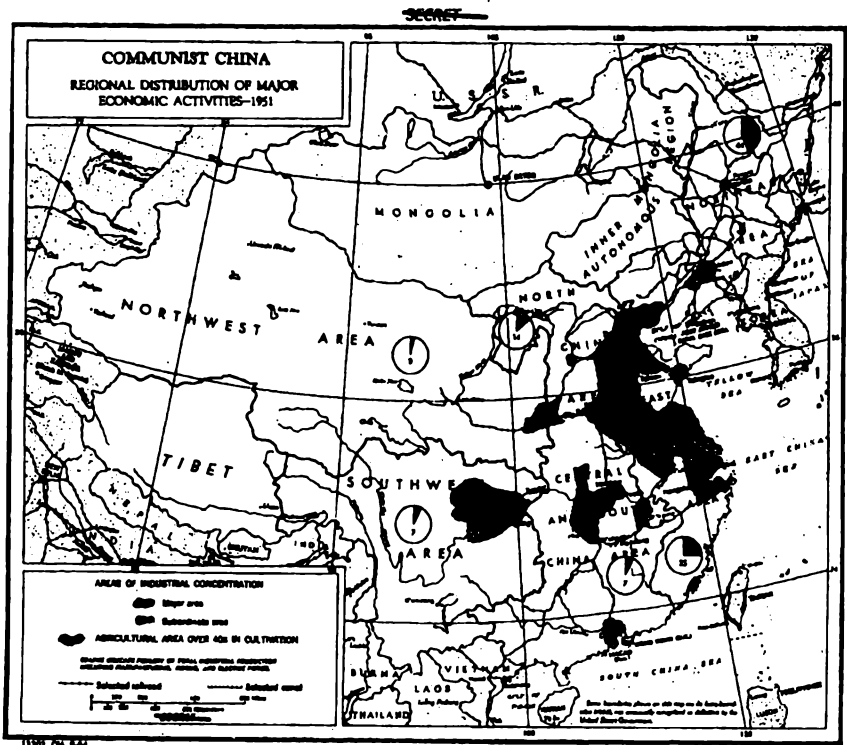
59. We believe that by 1957 the Chinese regime will have further tightened its control over its people. We also believe that unless some major crisis or other unpredictable event occurs, the regime will by 1957 have attained a gross national product of roughly US \$33 billion, an increase of 20-25 percent over the 1953 figure. The agricultural contribution to GNP in 1957 will probably be about 10 percent above the 1953 level. That part of the GNP accounted for by the modern industrial sector of the economy in 1957 will probably be roughly US \$6 billion, a 70-100 percent increase over the 1953 level. The country will as a whole remain agrarian and underdeveloped.

60. Despite the progress made by 1957, the Communists will have only begun the task of transforming China. The country will as a whole remain agrarian, illiterate, and un-

derdeveloped. Moreover, while the regime will probably have developed a modest industrial sector, China will be faced with increased difficulties in maintaining the rate of growth.

61. We believe China's dependence on the USSR will not be significantly lessened during the period of this estimate, and that maintenance of the alliance with the USSR will continue to be a dominant aspect of China's foreign policy. The Communist Chinese regime will continue to consolidate its political position, to gain in economic and military strength, and by 1957 will be a more powerful force in world affairs than at present. Certain aspects of China's development will be used to support claims that time is on the Communist side in Asia. China's increased power and prestige will present a challenge to the influence of the Western nations in Asia, and to the Asian leadership aspirations of India and Japan.

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SECTION 11

NIE 13-58

Communist China

13 May 1958

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COMMUNIST CHINA

Superseded by 13-59

Submitted by the

DIRECTOR OF CENTRAL INTELLIGENCE

The following intelligence organizations participated in the preparation of this estimate: The Central Intelligence Agency and the intelligence organizations of the Departments of State, the Army, the Navy, the Air Force, and The Joint Staff.

Concurred in by the

INTELLIGENCE ADVISORY COMMITTEE

on 18 May 1958. Concurring were The Director of Intelligence and Research, Department of State; the Assistant Chief of Staff, Intelligence, Department of the Army; the Director of Naval Intelligence; the Assistant Chief of Staff, Intelligence, USAF; and the Deputy Director for Intelligence, The Joint Staff. The Atomic Energy Commission Representative to the IAC and the Assistant Director, Federal Bureau of Investigation, abstained, the subject being outside of their jurisdiction.

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COMMUNIST CHINA

THE PROBLEM

To analyze Chinese Communist domestic developments and external relations during the period of the First Five Year Plan (1953-1957), and to estimate probable trends during the next five years.

CONCLUSIONS

1. We believe that the Chinese Communist ability to exercise firm and effective control of mainland China will continue. The leadership of the party continues to demonstrate cohesion and determination and, at the same time, a considerable degree of flexibility. It is supported by a party membership of about 13 million and controls a large and efficient military and public security apparatus. We believe that the death or incapacitation of Mao Tse-tung would not endanger the regime's control of the country, although it might complicate the achieving of some objectives and reduce the party's policy flexibility. (*Paras. 43-45, 66-68*)

2. The regime apparently has made considerable progress in its efforts to recast the traditional structure of Chinese society in the Communist mold. It has collectivized almost all the peasants and has virtually eliminated private ownership in industry and commerce. Although the Chinese people have viewed with favor some of the regime's achievements, the regime's stringent curtailment of con-

sumption and the constant pressures to conform and to work harder have provoked much dissatisfaction and disillusionment, especially among the peasants. The party's experiments during the past two years to gain wider popular support by admitting problems and encouraging their discussion—the "letting 100 flowers bloom and diverse thoughts contend" program—has been sharply cut back. (*Paras. 27-42*)

3. In its efforts to elicit a more positive popular response, the regime, because of its determination to achieve rapid industrialization, will have little to offer in the way of material inducements. Dissatisfactions and occasional popular outbursts will continue, especially among the peasantry and certain minority groups, but we believe the net effect on the regime's programs will be no more than a complicating or retarding one. Most Chinese, conscious of the regime's power and seeing no alternative, will probably continue to acquiesce in Communist rule. (*Paras. 68-70*)

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4. The Chinese Communists achieved a high rate of economic growth during their First Five Year Plan (1953-57), demonstrating their capability to marshal resources for investment despite the backward nature of the economy. A vital factor in their economic program was the assistance rendered by the USSR in expanded trade, credits, and technical aid. Starting from a very small base, the average annual rate of growth of industrial output was about 16 percent, but industrial output at the end of 1957 was still small compared to the industrial output of Japan or the UK. Agricultural output was adequate to meet basic needs, but its expansion fell far short of that in other sectors of the economy. (Paras. 17-26)

5. During the next five years, the regime will have to cope with difficult economic problems stemming from the forced pace of industrial development. However, the basic problem will continue to be the race between population growth and food production. The Chinese population is now probably about 640 million and increasing at about 2.0-2.5 percent per year; agricultural output during the next five years will, at best, probably not exceed the 3 percent per annum increase achieved during the First Five Year Plan. In the event of a series of bad crop years and of widespread lack of cooperation among the peasants, the regime would face grave difficulties. However, even in these circumstances, the regime, because of its control apparatus, probably could maintain itself in power and, at the same time, maintain industrial growth, although at a reduced rate. (Paras. 54-57)

6. We believe that Communist China during the next five years will probably be

able to maintain a rate of economic growth roughly comparable to that of the past five years. By 1962 its Gross National Product will probably be on the order of US \$85-87 billion, as compared with US \$46 billion in 1957. The contribution of the industrial sector will probably have increased to about 26 percent, as compared to about 19 percent in 1957. (Paras. 52, 53, and 59)

7. Communist China's military power in the Far East will bulk even larger by 1962 than it does at present. The army will probably be somewhat smaller, but it will be better equipped and more mobile. The air force and navy will have increased in size and effectiveness. The Chinese Communist armament industry, with Soviet technological assistance, will probably be able to meet most, if not all, army requirements for small arms, artillery, transport, and ammunition. Shipbuilding and aircraft production will probably have increased considerably. Nevertheless, Communist China will still be dependent on the USSR for heavy and complex military equipment and for many components. (Paras. 71-73)

8. Although Communist China will almost certainly not have developed a missile or nuclear weapons production capability of its own by 1962, we believe that the Chinese Communists will press the USSR for such advanced weapons. By that time the USSR will probably have provided it with some varieties of missiles and other weapons adaptable to nuclear use, but with non-nuclear warheads. Unless barred by an effective international agreement, the USSR may introduce nuclear weapons into Communist China by 1962, although they will almost certainly remain under Soviet control. In any

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event, even though nuclear warheads were not deployed in Communist China, they would be readily available if Sino-Soviet interests required them. (Para. 74)

9. Communist China will almost certainly remain firmly aligned with the USSR. Peiping will continue to acknowledge Moscow as the leader of world Communism, but as Communist China grows in strength and stature, it will probably play an increasingly important role in the formulation of general Bloc policy. Although there will almost certainly be some frictions, these are unlikely to impair Sino-Soviet cooperation during the period of this estimate. (Paras. 75-83)

10. In its efforts to reduce and eliminate Western influence in Asia, Communist China will probably proceed primarily by non-military means. Its foreign policy will probably display more initiative and assertiveness, while continuing to emphasize coexistence and a readiness to increase economic and political relations with other states. Without compromising its stand on basic issues, Communist China will continue to portray itself as willing to reach a rapprochement with the US. At the same time, the Chinese Communists will almost certainly continue their subversive efforts throughout the Far East. They will almost certainly continue their efforts to undermine the will of the Nationalists on Taiwan, and to discredit them internationally. They will probably not resort to overt military aggression as long as they believe it would involve them in military action with the US. Although their attitude towards the Offshore Islands may become more aggressive, a decision to initiate military

action to seize these Islands would probably be contingent on an estimate that the US would not intervene militarily. (Paras. 88-90)

11. Japan will continue to be one of Peiping's most important targets, especially because there is a growing area of competition between Communist China and Japan. Peiping will continue to seek to reduce conservative strength and US influence in Japan by exploiting Japanese fears of becoming involved in a nuclear war, any areas of friction with the US, and Japan's eagerness to expand trade with mainland China. In pursuit of these objectives, Communist China will continue to employ both conciliatory and tough tactics. Trade between Communist China and Japan will probably increase, and Peiping will probably be able to gain at least quasi-diplomatic status for a trade mission in Japan. (Paras. 93, 63)

12. Assuming a general continuance of present Bloc and Western policies, we believe that intercourse between Communist China and the Free World will increase considerably during the next five years. This trend will probably involve added diplomatic recognition of Peiping by a number of states, but will occur whether or not formal diplomatic ties are established. It will also involve greater difficulty in excluding Communist China from the UN. (Paras. 95-96)

13. If Communist China continues its present international policy, we believe that its prestige in Asia will continue to grow during the next five years. This will occur whether or not additional countries recognize Communist China, or it is

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admitted to the UN. But it does not necessarily follow that as a result of increased prestige the Chinese Communists will be able to induce non-Communist Asian countries to adopt internal or external policies desired by Communist China. Communist China's future role in Asia will be determined to an important extent by developments in five fields, in varying degrees beyond the control of the Chinese Communists:

a. The course of events in the US-USSR relationship and in the broad aspects of the cold war.

b. Developments within the Bloc such as spectacular scientific achievements or major political upheavals.

c. The extent to which local Communist parties, e.g., those in Indonesia, Laos, and India, gain or lose political strength.

d. The extent to which the growth of Communist China's power gives rise to increased apprehensions among Asian governments as to Communist China's future intentions and thus causes them to take increasingly effective measures at least to counter their own internal Communists.

e. The extent to which the US has the confidence and trust of non-Communist Asian governments, and in turn helps these governments not only to resist the Communists, but also to meet their national aspirations. (Para. 97)

DISCUSSION

I. INTRODUCTION

14. The Chinese Communist regime during the period of its First Five Year Plan (1953-1957) made considerable progress toward its long-run goal of transforming Communist China from a backward agricultural country into an industrialized nation. With assistance from the USSR, the Chinese Communists have achieved a high rate of increase in their Gross National Product, and especially in the output of heavy industry. The imposition of Communist institutions on society has proceeded at a rapid rate as a result of the virtual elimination of private enterprise in industry, commerce, and agriculture. These domestic achievements and the growing military power of Communist China contributed to its increased impact abroad, both in the Free World and in the Communist Bloc.

15. At the same time, the forced pace of change has created internal stresses and strains which are substantial and widespread. These stresses and strains have been produced by the rigidities and repressions which are essential features of Communist methods and programs and which hinder the development

of general popular support for the regime. They were inevitable in view of the regime's efforts quickly to mold the Chinese into a disciplined Communist society. Tensions have also developed out of the intervention, at all levels of society and in all activities, of party workers who have the power to command, but who in most cases have inadequate training and experience in their duties of supervising the specific educational, social, or economic organization. Moreover, the regime's efforts to restrict consumption in order to increase investment have been felt particularly by the peasants, whose incentive to produce has been reduced. Nevertheless, as far as we can see, these tensions are not critical in the sense of threatening the position of the Communist leaders or of being likely to hamper production to the extent of seriously limiting the further growth of the Chinese Communist economy.

16. The Chinese Communists, after going through a period of pessimism engendered by the economic problems which came to a head in 1956, now appear confident that they can maintain a rapid rate of economic expansion

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during the next five years. This confidence is tempered by the extent of popular criticism of the regime as revealed by the recent but short-lived experiment in relaxing controls on public discussion, by the evidence that there was a growing separation between the party and the people, and by the widespread peasant dissatisfaction when collectivization failed to bring increased income. The regime's confidence is also tempered by a more realistic appreciation of the magnitude of its basic problems, particularly that of agriculture.

II. DEVELOPMENTS DURING THE PERIOD OF THE FIRST FIVE YEAR PLAN¹

A. The Economy²

17. The Chinese Communists, during the period of their First Five Year Plan, achieved a high rate of economic growth which compares favorably with that of the Soviet Union in its First Five Year Plan (1928-1932). (See Figure 1.) This progress was achieved despite relatively crude and rudimentary planning, resulting from such factors as the limited technical personnel, the lack of reliable and comprehensive statistics, the backward state of the economy, and the rapid imposition of social change. Although the regime has made a pretense of proceeding according to an overall five year plan, it has actually operated from year to year on annual plans which have generally been aimed at correcting the excesses and deficits of the previous year. Nevertheless, the regime demonstrated its capability to control the economy sufficiently to limit consumption and to marshal resources

for investment, despite the backward nature of the economy and the necessity of obtaining the funds for investment largely from the agricultural sector, the output of which fluctuated widely from year to year.

18. Starting from a small base, the average annual rate of growth of industrial output during the period was high, probably about 16 percent. This growth was uneven, exceeding 30 percent in 1953 and 1956, but dropping sharply in 1955 and 1957. During the five year period, production of such basic items as steel more than tripled, while the output of coal, electric power, and cement more than doubled. Despite this considerable progress, the Chinese Communist industrial output at the end of 1957 was still small compared to that of Japan or the UK. (See Figure 2.)

19. The increased industrial output was to an important degree obtained from the reconstruction, expansion, and more intensive utilization of existing plant, although a considerable investment was made in new plant, much of which will come into production in 1958-1962. The regime has directed about 86 percent of total investment into the industrial sector and has favored heavy over light industry by about eight to one. Industry became more diversified with the addition of new plant, and by the end of the period production facilities for trucks, sea-going ships, aircraft, and more complicated machine tools were put into operation, although the Chinese Communists are still dependent on foreign sources for many components.

20. The growth of industrial output was retarded by uneven development among various parts of the industrial sector, which resulted in serious imbalances. The most important of these was the failure of the output of raw materials to keep in phase with the expansion of manufacturing capacity, especially in the machine and equipment building industries. In some cases, however, the deficiencies of raw materials arose from the difficulties in developing natural resources; for example, the regime has been unable to develop sufficient sources of crude oil and copper, accessible to existing rail lines, to meet requirements. The output of light industry, dependent largely on

¹See Appendix A for a more detailed discussion of the First Five Year Plan.

²Chinese Communist statistics upon which the data and analyses throughout this estimate are based are subject to the same reservations as those of other Bloc countries, but to a somewhat greater extent, in view of the inexperience on the part of the newly established Chinese Communist statistical collection system. This inexperience probably accounts for the majority of such statistical defects as have been noted. Chinese Communist statistics are the basis for the regime's planning and we believe are not, in general, misrepresented.

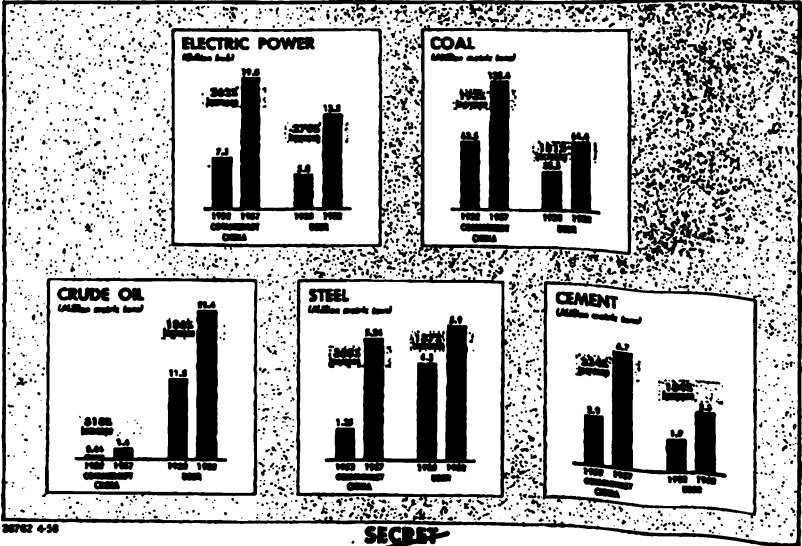
³See maps for Communist China's railroad system and major industrial and mining centers.

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Figure 1

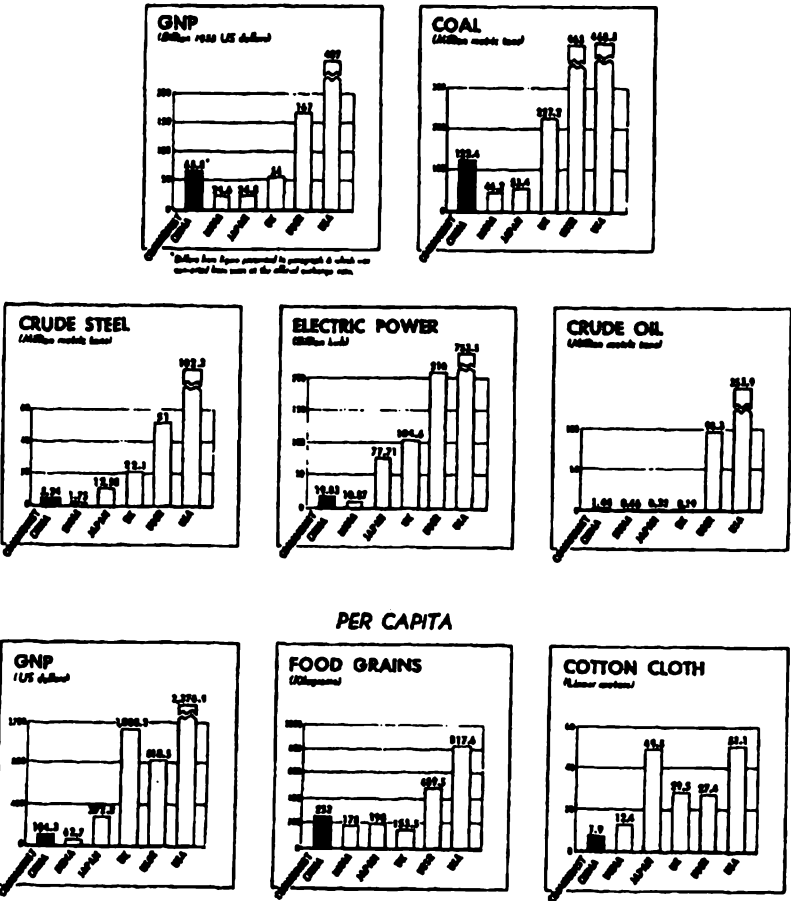
COMMUNIST CHINA AND THE USSR
ESTIMATED PRODUCTION INCREASES DURING THEIR FIRST FIVE-YEAR PLANS



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Figure 2

COMMUNIST CHINA
ESTIMATE OF 1957 GROSS NATIONAL PRODUCT
AND PRODUCTION OF PRINCIPAL COMMODITIES
COMPARED WITH THOSE OF SELECTED COUNTRIES



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agricultural raw materials, has not been sufficient fully to utilize present plant capacity.

21. Technical assistance from the Bloc has been of paramount importance to Communist China's industrialization. The major industrial projects, accounting for about 40 percent of total industrial investment, were designed, supervised, and placed in initial operation by Soviet technicians. In addition, Bloc, largely Soviet, advisors and technicians have worked with virtually every ministry in the government and with many individual enterprises. Technicians have provided on-the-job training for Chinese workers and some 7,000 Chinese have been sent to the USSR for training. Soviet bloc technical data have been used on a large scale.

22. The growth of agricultural output was adequate to meet basic needs, but its expansion fell far short of that in other sectors of the economy. Serious natural calamities in 1954 and 1956 and bumper crops in 1955 caused wide fluctuations in output during the five year period. Moreover, production was adversely affected by the disruption and confusion which accompanied the rapid collectivization of agriculture in 1955 and 1956. Agricultural growth was also hampered as a direct result of the regime's decision to minimize state investment in this sector and to depend on its ability to squeeze the bulk of agricultural investment funds directly from the earnings of the collectives. The large flood control and irrigation projects, undertaken by the state, were not sufficiently advanced to increase materially the acreage under irrigation, even though the amount spent exceeded the plan by 50 percent. Furthermore, State investment in the chemical industry was inadequate to increase substantially the availability of chemical fertilizer. The increases in grain and cotton production that were achieved were largely the result of direct investment by the collectives in small irrigation projects which permitted an expansion of double-cropping.

23. Economic progress during the First Five Year Plan, to an important extent, was dependent on the importation of vital machinery, equipment, and industrial raw materials. Bloc countries were Communist China's

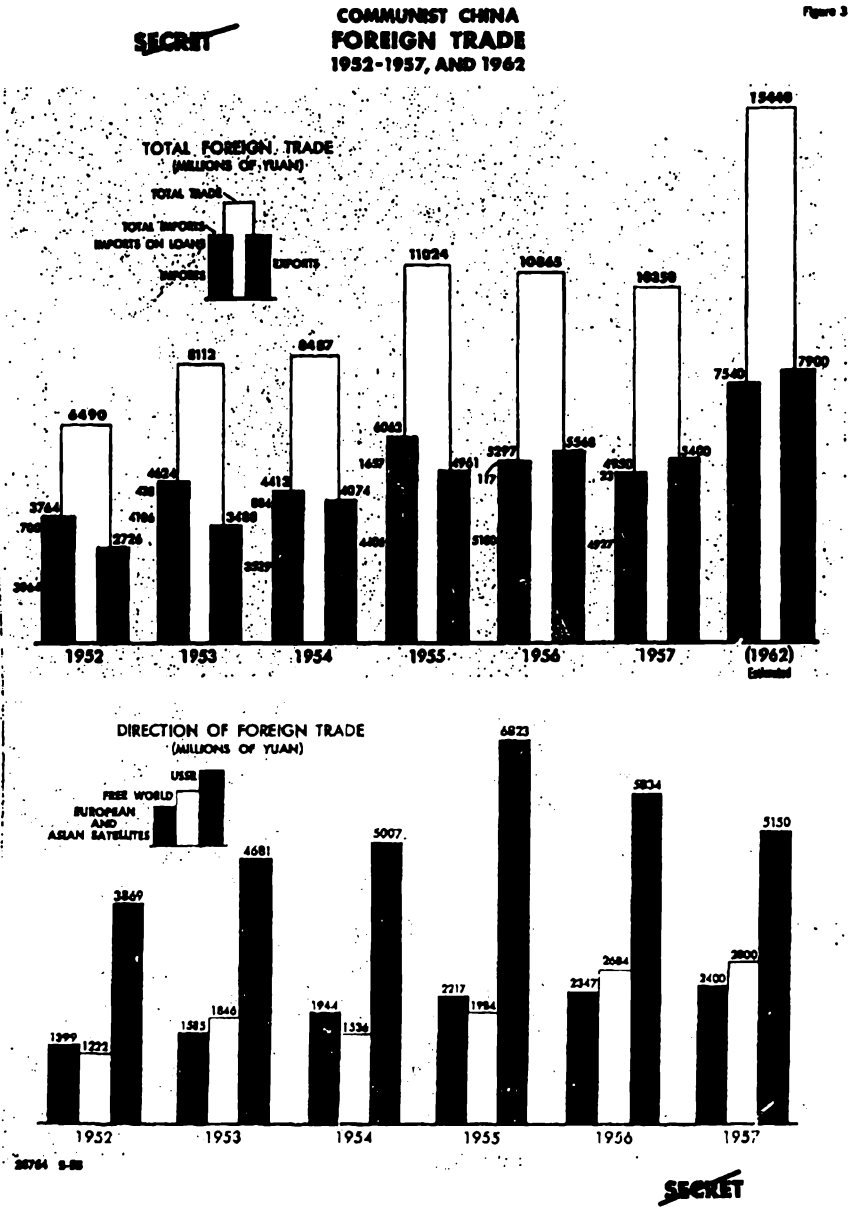
major trading partners, accounting for nearly 78 percent of total trade. There was some increase in trade with non-Communist countries, but this increase was limited to some extent by Western trade controls. The Chinese Communists were able to maintain an import surplus over the period 1953-1957 as a whole. This was made possible by Soviet credits, largely of a military nature, which accounted for about 13 percent of total imports, and, to a lesser extent, by remittances from Overseas Chinese. However, during the period, balance of payments pressures increased. Despite a doubling of exports, imports rose by only one-third, and the trade balance shifted from an import to an export surplus. This shift resulted from the exhaustion of foreign credits, mounting foreign debt service, reduced Overseas Chinese remittances, reduced Soviet expenditures in China after the force withdrawal of 1955, and the Chinese Communist foreign aid program. (See Figure 3.)

24. Despite this slim margin on which they have been operating, the Chinese Communists made a series of offers or grants of economic aid. The largest portion of Chinese Communist foreign aid has gone to other Communist countries: grants in goods and services of \$325 million each to North Korea and North Vietnam, \$40 million to Outer Mongolia, and \$7.5 million to Hungary; and a loan of \$26 million to Hungary. In addition, to non-Communist countries, Communist China has extended grants totalling \$56 million, and has extended in late 1957 and early 1958 loans totalling an additional \$32 million.⁴ Of the total of about \$810 million in grants and loans, Bloc and non-Bloc, about \$630 million had actually been expended by the end of 1957.⁵

⁴Grants (in millions of US\$): Cambodia, 22.4; Nepal, 12.8; Egypt, 4.7; Ceylon, 18.73. Loans extended (in millions of US\$): Indonesia, 11.3; Burma, 4.3; Yemen, 16.3.

⁵The loans and grants to Bloc countries were in yuan currency to North Korea and North Vietnam and in rubles to Hungary. Yuan data have been converted into US dollar equivalents at the rate of 2.46 yuan per US \$1 and rubles at 4 per US \$1. The use of the yuan-dollar exchange rate may overstate considerably the value of aid to North Korea and North Vietnam.

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25. The total increase in GNP during the past five years has probably been great enough to register an average annual growth in per capita output of five to six percent, even though the population expanded at an average annual rate of about two percent. About 45 percent of the increase in output apparently was channeled into investment or government purchases of goods and services. While the remainder was absorbed by an increase in personal consumption, probably more than three-fifths of this increase went to the non-agricultural population, which comprised less than one-fifth of the population. As a result, per capita consumption of the peasant population was probably improved little, if any.

26. The fact that population growth has nearly kept pace with the increase in agricultural output has become a matter of deep concern to the regime. During the past five years, the number of mouths to feed has probably increased by some 65 million and now totals about 640 million. As a result of improved sanitation, hygiene and public health measures, better distribution of food, and the maintenance of peace within the country, the rate of increase of the population has probably risen somewhat over the period of the last five years, averaging about 2.2 percent. With an average annual increase in agricultural output during the past five years of about three percent, the margin of safety is very thin. In an effort to deal with this problem the regime is developing programs which it hopes will, in time, reduce the birth rate.

8. Reorganization of the Chinese Society

27. The regime apparently made considerable progress in its efforts to recast the traditional structure of Chinese society in the Communist mold. These efforts sprang from both Communist doctrine and from the pragmatic need to establish a high degree of organization and control in order that a relatively small group — the Chinese Communist Party — could dominate the vast Chinese population.

28. Before 1953, the power of the landlords and well-to-do peasants which had been dominant in rural areas was virtually eliminated. Subordination of youth to their elders was weakened by placing the former in positions of responsibility. Women were given equal status in society. Through centralized control of all media of communications and a cadre network, the Communists weakened the clan and regional loyalties which still existed among many Chinese. The regime sought to convince all Chinese that the welfare of the individual and of the family must be subordinated to the general good of the nation as a whole.

29. Since 1953, the regime has intensified its efforts to reorganize traditional Chinese society. By persuasion, pressure, and, in some instances, terror, the Communists increased their efforts to impose the Communist way of life on the intellectuals and the middle class. The most radical changes in the old ways of life during the past five years, however, resulted from the regime's programs to socialize all forms of economic activity. The success of these programs was surprising because of the rapidity with which the millions of peasants were shuffled into collective groupings and business enterprises were brought under government control. Moreover, there were relatively few outward manifestations of resistance, at least initially.

30. By the end of 1956, socialization had virtually eliminated all private control of industrial and commercial enterprises. The regime continued to utilize many former owners as managers and technicians, paying them liquidation dividends which may be continued for a few more years. It has also introduced measures designed to increase party control of management and labor.

31. By the end of 1957, the Chinese Communists claimed that 93 percent of peasant households were in collective farms, and that an additional four percent were in cooperatives. The remaining small fraction, except in Tibet and certain other exempted areas, had been placed under the guidance of the nearest collective.

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32. Although the organizational phase of collectivization was quickly accomplished, the Communists have not realized the major benefits which they had anticipated. Despite an increase in the output of major food crops, the government's 1956 collection declined, in part because many peasants discovered that even in collectives they could circumvent government controls, especially when the local cadres sided with the peasants. Agricultural output was also adversely affected by the dislocations which accompanied the actual organization of the collectives, and by the difficulties which were encountered in establishing effective management of the larger agricultural units.

33. The Communists also had to cope with peasant disillusionment which became increasingly apparent in 1957. Many peasants were unhappy because their incomes had not increased as promised, or because they had not been adequately remunerated for their contribution of land and implements. In addition to evading government efforts to procure grain, substantial numbers of peasants withdrew from collective farms, although most of them were forced to return. The higher urban incomes continued to attract large numbers of peasants into cities where unemployment was already a critical problem. Strong measures have been taken to force these dissatisfied peasants to return home, but the problem still exists.

C. Problems in Eliciting Popular Support

34. The regime's progress in changing the form of Chinese society apparently was not matched in the realm of popular attitudes. The Chinese population as a whole appears to have ambivalent feelings toward the regime. The regime has had considerable success in its efforts to foster a sense of common identity in the population at large, in part because of the groundwork of nationalist sentiment which had been stimulated by Sun Yat-sen and the Kuomintang, and in part because of its own achievements. There has probably been a favorable response to specific programs such as public health and education which

improve the lot of the individual, or road building, irrigation, and flood control which are visible community improvements. There has probably also been a favorable, but less general, response to developments which boost national pride such as the production of planes and trucks, bridging the Yangtze, and the increased world prestige of Communist China.

35. But in most Chinese these effects have in varying degrees almost certainly been offset by negative reactions to other aspects of the regime. The intellectuals have been resentful of the pressures to conform and the restrictions on discussion. The urban workers have disliked the constant orders to produce more goods faster, the compulsory attendance at innumerable indoctrination meetings in their free time, and the shortages of consumer goods. The peasants have been dissatisfied with the failure of their personal incomes to rise in proportion to their increased output, and with the regimentation of the collective system. In general, the regime has made little progress in gaining popular acceptance of the Communist dogma or in substituting, as an incentive, the prospect of a future millennium in place of more food and clothing for the present generation. Moreover, the intensification and centralization of control have probably caused previously diffused discontent to be directed against the regime. But regardless of dissatisfaction or resentment, the Chinese are aware of the power of the regime and see no alternative; their response to the regime is, for the most part, one of acquiescence.

36. To elicit greater popular support for the regime and to improve the effectiveness of the party organization, the regime undertook a venturesome experiment in the spring of 1957. It admitted the existence of problems, relaxed restrictions on public discussion, and invited criticism of the operations of the party and its programs. Although some elements within the party were apparently opposed to relaxing controls, Mao and other leaders seemed to see many advantages. Public criticism, in their view, might provide a safety valve, give the people a greater sense of participation in party affairs, and create the im-

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pression that the regime was modifying its authoritarian procedures. They apparently feared that the party had become separated from the people, a weakness they believed had been a principal cause of the outbursts in Hungary and Poland. Moreover, public criticism, they thought, would reveal to the leaders the weaknesses in the operations of the party and provide the basis for corrective measures. They must also have estimated that rule by the Chinese Communist regime had been generally accepted and that criticisms would be directed at the implementation of policy rather than at the basic character of the regime itself.

37. This program grew out of a largely unsuccessful effort in early 1956 to create a more positive response to its programs by a relaxation of domestic tensions and by promising an improvement in the harsh conditions of life. However, the promises and incentives directed initially to the intellectuals, and later extended to the peasants and workers, failed to evoke a significant response, and in the spring of 1957 Mao broadened the scope of the liberalization policy. As part of the 1956 measures, intellectuals had been encouraged to debate differences on non-political subjects; Mao now encouraged the population in general to participate in the greater freedom to discuss and extended the subjects of discussion to the operation of the party and its programs. At the same time he formalized his policy in a doctrinal statement which recognized that even in a Communist state there were contradictions in outlook between the leaders and the people, and within and between various groups. But these contradictions, he insisted, were largely non-antagonistic because of the disappearance of exploitation of one class by another, and, therefore, could be resolved by discussion and persuasion, rather than by force.

38. The extent and intensity of the criticism appears to have surprised the regime. It found that neither the Communist system, the party's monopoly of leadership, nor the Soviet orientation had been as fully accepted in China as it had apparently believed, especially among the very intellectuals it had courted. The regime's critics were numerous

and came from many select groups, including even the party. Their criticisms almost certainly reflected the views of a body of opinion much larger than the regime has admitted.

39. In June 1957 the regime reacted by abruptly cutting off criticism, and Mao's contradictions formula was rewritten to point out clearly the categories of Communist truth which were above criticism. The regime subsequently conducted an intensive campaign against its critics and has dismissed accused "rightists" from their positions. It has apparently not felt it necessary to implement its sometimes explicit threat of punishing its critics on harsh "counter-revolutionary" grounds, however, and the erring ones have been told that they will be given a chance to redeem themselves. To counteract the criticism, the regime also launched a massive campaign designed to convince the people of the superiority of the Communist system.

40. Nevertheless, the regime did not disregard all criticism, and has taken steps to improve the operation of the party and its relations with the people generally. The regime has urged a continuation of public discussion, although, as might be expected, the response has been guarded and concerned largely with details of administration and production. The party also continued the "rectification" program which had been launched as part of Mao's original program and which seeks by persuasion and education to create conformity, tighten discipline, correct errors, and reinvigorate the party.

41. One major source of difficulty within the party was that it had apparently grown too fast for proper indoctrination of members. Total party membership is at present about 13 million. About two-thirds of its members had been recruited since 1949 and about two million since June 1956. As a result there were many who were free-riders, dead-wood, or "not steeled through labor." Traditional localist sentiments also still existed in the party, as exemplified by the many rural cadres who supported the grievances of the peasants rather than enforced edicts of the regime or who resented party personnel of

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non-local origin. Moreover, the exercise of authority and the enjoyment of special privileges led to a deterioration of the party's relations with the people.

42. Although the main emphasis of rectification has been upon reeducating members, a number of party officials and deputies to the National People's Congress have been dismissed from the party for "rightist" activities, and further dismissals of cadres for incompetency or unreliability are probable. There has also been a wholesale transfer of party and government cadres to lower levels, particularly to rural areas where large numbers were assigned to agricultural collectives. This program seems to have had a number of objectives: strengthening of the party network in the crucial agricultural field; retrenchment of non-productive personnel in party, government, and industrial organs; reduction of bureaucratic tendencies in these organs; inculcating members with an appreciation of manual labor; and punishment of errant members. It probably was also intended to meet criticisms of the material privileges enjoyed by party members. There are indications that many of those transferred resented the shifts.

D. The Regime's Ability to Control Mainland China

43. We believe that the regime has the ability to exercise firm control of mainland China. Despite the fact that problems and weaknesses within the party have been revealed by the rectification program, the party retains its basic elements of strength: a ruthless and resourceful leadership, a large membership organized to act as an instrument of control and policy implementation, and an intention and ability to enforce a high degree of discipline and conformity. The party organization continues to be backed up by large and well-disciplined police, militia, and security organizations, supplemented by a network of informers and local "resident's committees" which provide surveillance over individual family groups. Party control is reinforced by mass organizations which mobilize various social and occupational groups in the popula-

tion behind Communist programs and which serve as channels for propaganda and indoctrination. The authority of the party is further enhanced by its control of all media of communication and of the distribution of the bulk of food supplies in urban areas, and by its success in corraling most peasants into collectives.

44. Behind this control mechanism stand the large Chinese Communist military forces which are effectively under the control of the party. During the revolution the party and the army were, to a large extent, an integral unit. Military personnel and veterans continue to make up a large part of the party. The regime claims that about 75 percent of the rank and file of the armed forces are members of the Chinese Communist Party or of the Young Communist League, and all receive intense political indoctrination. Because of the close identity of the party and army in the past, many senior party members have a military background; thus the 1956 enlargement of the Politburo and the Central Committee brought a significant number of such persons into the top levels of party leadership. However, there is no indication that they form a military bloc within the party leadership, or that a military group with political ambitions has emerged within the armed forces. The party appears to be fully aware of the importance of maintaining control over the military and the military appears to accept the dominant role of the party. At the time Marshal Zhukov was ousted from his positions in the Soviet Union, Chinese Communist military spokesmen publicly stated their support of a strong party role in the armed forces.

45. The regime has been able to deal effectively with sporadic outbursts of resistance which have for the most part been localized and poorly organized. Probably in part to demonstrate its power, the regime has carried out two nationwide drives against "counter-revolutionaries." The security forces have also dealt with several student riots and demonstrations against the regime, and with some civil disturbances growing out of peasant resentment against collectives. There have been indications of continuing discon-

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tent in minority areas, recently including demands for genuine autonomy, but large-scale armed uprisings have been reported only in Tibet. Strong anti-Chinese sentiment in Tibet culminated in an outburst in 1956 and induced the regime to announce that the introduction of social "reforms" into Tibet would be postponed for six years. Despite this concession, sporadic incidents continue in Tibet.

E. Strengthening Its Military Establishment⁴⁷

46. The capabilities of the armed forces to fulfill their internal and external functions have increased significantly during the past several years. The Korean War gave great impetus to the development and modernization of Communist China's armed forces and stimulated large-scale Soviet aid. Since the war, the trend has continued toward further modernization and a more balanced military establishment.

47. Since 1954, ground force personnel and infantry division strength have remained at an estimated 2½ million men and 114 divisions respectively. However, overall capabilities have been increased by continued modernization. Anti-aircraft and anti-tank battalions are now included in most of the infantry divisions, and a tank-assault gun regiment has been added to at least 28 of the infantry divisions. In 1955 the regime inaugurated a new military conscription and reserve program which is now providing an army composed in the main of selected conscripts. The army's effectiveness in modern warfare, as a result of current training programs, has been considerably increased. In addition, the reserves will include, on a continuing basis, about two million men who will have undergone active military service within the previous three years.

48. Since 1954, Communist China's combined air arm has increased from 65,300 to 87,000

officers and men while total aircraft in operational units have increased from 1,580 to 2,880. A more significant indicator of progress toward modernization is the increase from 850 to 1,280 jet aircraft, of which 1,835 are fighters and 445 are light bombers. Communist China has also developed an extensive radar detection system which covers the entire coast and major inland industrial centers. This system has fair to good detection capability except for aircraft at low altitudes. Its high altitude GCI capability has not been expanded to include all areas.

49. The navy has gradually increased its overall strength to 53,000 and its general service personnel strength to 48,000 officers and men. This growth was accompanied by a substantial increase in offensive and defensive capabilities. Its major surface units include four destroyers, 16 submarines, four escort vessels, 54 amphibious ships and 31 mine warfare vessels, as well as a Naval Air Arm including 435 combat aircraft.

50. Although still dependent to a large degree upon the Soviet Union for heavy and complex equipment, aircraft, and many component and spare parts, Communist China has made progress in its effort to achieve military self-sufficiency. It now produces small arms, mortars through 160-mm, and artillery through 122-mm howitzers. In addition, Communist China now has a number of airframe and aircraft parts plants, including an aircraft assembly plant at Mukden capable of series assembly of jet fighter aircraft. Mukden's monthly assembly capacity will probably reach 100 jet fighters by 1963. Communist China has a rapidly growing shipbuilding industry now assembling submarines and producing hulls for escort vessels, submarine chasers, mine warfare vessels, and motor torpedo boats. However, practically all armament for these vessels and a substantial part of components, equipment, and machinery is obtained from the Bloc. The Chinese Communists continue to be handicapped by a shortage of technological skills in both the armed forces and the armaments industry. We believe that the country has no guided missiles or nuclear weapons and, at present, lacks the capability to produce them.

⁴⁷ See Annex B for more complete discussion.

⁴⁸ See maps for the disposition of ground forces and combat jet aircraft, and for the location of naval bases.

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51. The high cost of maintaining such a large military establishment and of developing a munitions industry has been a heavy drain on Communist China's economy. The Chinese Communists have reduced the proportion of expenditures budgeted as military from 26 percent in 1953 to 18 percent in 1957. However, this has not involved a significant decline in the absolute amount spent, and there has probably been an increase in investment in plants for producing military equipment.

III. PROBABLE TRENDS WITHIN COMMUNIST CHINA DURING THE NEXT FIVE YEARS

52. We believe that during the next five years the Chinese Communists will continue to be able to exercise effective control of mainland China and will gain some success in further imposing Communist social institutions and patterns on the Chinese people. The regime will probably be able to maintain a rate of economic growth roughly comparable to that of the last five years, but this will necessitate continued stringent control of consumption, particularly in view of the increasing population. Its efforts to gain increased popular support will be severely limited by its determination to maintain the pace of economic development and social change. There will continue to be a widespread but fluctuating feeling of dissatisfaction and discontent among the Chinese people which, while hampering somewhat the regime's programs, will probably not be translated into effective resistance.

A. The Economy

53. Although the Second Five Year Plan is still in process of formulation, the general outlines of this plan as announced in September 1956 appear to be the basis of the regime's planning. These indications are sufficiently clear to enable us to estimate that total output will probably increase by 7-8 percent annually during the period of the Second Five Year Plan, or about as rapidly as in the First Five Year Plan. The increments to production will probably cost more in terms of investment required, since gains from more intensive utilization of existing plants will be

far less. However, investment during the Second Five Year Plan will probably continue to increase relative to total output. The emphasis will continue to be on industrial development, and by 1962 the industrial sector will probably contribute nearly 26 percent of total gross product as against 18 percent in 1957 and 13 percent in 1952.

54. *Agricultural Production.* In their approach to the Second Five Year Plan, the Chinese Communists have been forced to give greater priority to the expansion of agricultural production in order to provide for the minimum consumption needs of its growing population, agricultural raw materials, especially cotton, for its expanding industry, and exports with which to repay loans and to finance the import of vital capital equipment. This greater priority for agriculture will involve some reorientation of industrial development, with a greater share of investment allotted to those heavy industries which provide fertilizers, agricultural chemicals, irrigation equipment, and implements for agriculture. For example, investment in the chemical fertilizer industry will probably rise from one percent of total state investment in the First Five Year Plan to about three percent in the second plan period.

55. The Chinese Communists have announced that, in 1958, 14 percent of the state's capital investment will be in agriculture, suggesting that such investment for the entire Second Five Year Plan may be as much as four times the amount allocated for this purpose during the First Five Year Plan when it amounted to only 7.8 percent of a smaller total investment. The state's investment in agriculture is used primarily on large-scale water conservation projects. However, direct investment by the collectives in irrigation and drainage facilities, fertilizers, farm tools and machinery, livestock, and other production requisites will continue to provide the major source of funds for agricultural development. Such investment, and the related technological improvements, are considered by the regime to be the most effective way of immediately increasing agricultural production.

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56. In September 1956 the regime set 1962 agricultural goals at 350 million tons of grain and 2.4 million tons of cotton, but in 1957, recognizing that these goals were far too ambitious, it lowered the targets to 340 million tons of grain and 2.15 million tons of cotton, while increasing substantially the proposed agricultural development effort. However, we believe that these goals are still too optimistic, in view of the limited amount of fertilizers that will be available and the modest proposed increases in both irrigated areas and sown area obtained through reclamation and multiple cropping. Between 1957 and 1962 grain production will probably only rise from 186 million tons to 216 million tons and cotton from 1.64 million tons to 2 million tons. About one-fourth of these production increases are expected to result from increased application of chemical fertilizer.

57. The above estimates imply a rate of increase of agricultural production of about three percent annually. This increase would provide a small margin over the probable annual increase of population of 2.0-2.5 percent. However, a number of contingencies could remove this margin. A major imponderable is the willingness of the peasants to maintain their efforts to produce under collectivization. Weather and its effect on crops are also unpredictable. Finally, we cannot completely discount the possibility that the present rate of population growth might increase. Under the worst combination of these contingencies for the Chinese Communists — a series of bad crop years, peasant apathy, and a rising rate of population growth — the regime would face grave difficulties. However, with its internal security system and its control of food distribution the regime could almost certainly maintain itself in power. Furthermore, other stopgap measures open to Peking would include loans or aid from the Soviet Bloc, and a reduction in exports and some increase in imports of agricultural products. At the same time, the regime would have sufficient production capacity in heavy industry and construction to enable it to maintain industrial growth, though at a reduced rate.

58. Ensuring a food supply for its enormous and growing population will be Communist China's number one economic problem for the indefinite future. Arable land is relatively limited, and by far the major share of the land area is too high, dry, or hilly to be cultivated. At present about 11 percent of the land is under cultivation. Marginal lands could be brought under cultivation and double cropping extended through heavy investment and modern techniques which would increase the sown area by possibly half. With a generous water supply and a long growing season in the most important farm areas, yields can be raised through improvements in flood control, irrigation, pest control, crop types, and fertilization. In the long run and with more investment, we believe the Chinese Communists can probably double agricultural output. However, present population growth, if unaltered, would double the population in 28 to 35 years, making difficult any improvement in living standards even if all agricultural potentials were realized.

59. Industrial Production. No finalized Second Five Year Plan has been prepared, but the preliminary proposals put before the Eighth Congress of the Chinese Communist Party in September, 1956, provided for an increase in gross value of industrial production of about 86 percent during the Second Plan, compared to a rise of about 115 percent achieved during the First Plan. Heavy industry will continue to receive priority. Although there is evidence of considerable change in the individual industrial goals, the attainment of the overall industrial goal, as proposed, appears likely in view of the prospective level of industrial investment. (See Table 1.)

60. An increasing proportion of heavy industrial investment will be in new industrial areas in northern Manchuria and in north-central and northwest China, based upon the location of raw materials and upon strategic considerations. Increased production during the Second Plan will rely greatly on completion of new capacity, much of which was started during the First Plan. In contrast with the First Five Year Plan, in which emphasis was on large scale plants, significant proportions of

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TABLE I

ESTIMATED PRODUCTION OF SELECTED COMMODITIES 1952, 1957, 1962 *

Commodity	Measure	1952	1957	% Increase 1957 over '52	1962		Esti- mated % In- crease 1962 over '57
					Pre- liminary Goal	Esti- mated Prod.	
<u>Industry</u>							
Electric power	Bil kwh	7	19	161	44	44	121
Crude steel	TMT	1,349	5,335	288	12,000	12,000	129
Coal	MMT	64	122	83	190-316	190-316	58-73
Trucks	Units	8	7,000	—	**N.A.	23,000	287
Merchant vessels	TGMT	7	21	209	N.A.	120	471
Cement	MMT	3	7	73	12.5	12.5	67
Turbines	T kw	7	240	3,432	N.A.	1,300	437
Electric generators	T kw	20	284	847	1,600-1,800	1,600	388
Crude oil (Nat. & Syn.)	TMT	426	1,443	231	5,000-6,000	3,800	143
Copper (refined)	TMT	8	14	79	N.A.	50	287
Chem. Fertilizer	TMT	194	888	314	5,000-7,000	6,000	647
Cotton cloth (factory)	ML mtrs	3,017	4,000	33	8,000-9,000	6,584	59
<u>Agricultural</u>							
Total grains	MMT	168	185	10	240	215	16
Cotton (ginned)	TMT	1,306	1,840	26	2,150	2,000	23
Cattle (incl. buffalo)	ML head	57	74	29	90	80	22
Hogs	ML head	80	114	28	230	100	40

* Footnote 2 on page 5 applies also to this table.

** Not available.

the increased output of iron, steel, and coal will come from newly constructed or renovated small and medium size units. To the extent that this program is implemented, it will provide more employment, conserve scarce capital, and require less machinery imports.

61. The variety of products made by Chinese industry will continue to increase rapidly, but there will continue to be shortages, especially in chemical fertilizers and crude oil. During the Second Five Year Plan, the machine building industry will probably be able to supply at least 70 percent of machinery requirements, compared to about 60 percent in the First Five Year Plan. In addition to the priority development of the chemical fertilizer and machinery industries, it is expected that increased attention will be given to merchant shipbuilding, copper, and crude oil. Even if the regime achieves its crude oil targets, however, in 1962 it will still be heavily dependent on imports to meet its rapidly increasing requirements.

62. Shortages of trained technicians and scientists will continue to exist. In an effort to solve this problem, the regime plans to have one third of the 500,000 students, who will graduate from colleges and universities during the next five years, go into teaching in all fields. Of those who will not go into teaching, one half will be engineers, a third will be in medicine, science, agriculture, or forestry, and about a sixth in law, the social sciences, and other fields. During this period the regime also plans to double its present enrollment in primary and middle schools. Even if these goals are met by 1962, however, the regime will still be far short of the highly trained personnel needed in the scientific and technical fields.

63. *Foreign Trade.* Total exports in the Second Five Year Plan are estimated at 22.0 billion yuan, and imports at 29.2 billion yuan. This compares with 23.3 and 25.2 billion yuan, respectively, during the First Five Year Plan. We believe that the bulk of Communist

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China's trade will continue to be with the other Bloc countries, especially the Soviet Union. However, the proportion of total trade with the non-Communist world will probably increase in the Second Five Year Plan, expanding from about 23 percent to possibly 30 percent of total trade. We believe that the most important elements of this increase will be an expansion of Communist China's exports of iron ore and coal to Japan and consumers goods to South and Southeast Asia, and imports of fertilizers, industrial equipment, and steel from Japan and capital goods from Western Europe. Communist China will probably increase the use of its growing merchant marine in international trade.

64. The maintenance of the present level of multilateral trade controls will complicate Chinese Communist economic and military development by creating import problems, increasing costs, and reducing flexibility. Furthermore, present unilateral US financial controls will deny Communist China an important export market, as well as reduce dollar remittances.

65. The Chinese Communists apparently are going ahead with their Second Five Year Plan with no provision for new long term credits from the USSR. Communist China will have to finance through exports the imports required for industrialization, as well as to repay Soviet credits advanced during the First Five Year Plan and to finance their own aid program — both of which total an estimated 3.0 billion yuan. With their present capabilities, the Chinese Communists can probably carry out their planned industrial development without further Soviet credits. However, in the event of serious economic difficulties, the Chinese might seek and obtain some assistance on credit from the USSR.

B. The Party

66. The party will probably continue to face difficulties in maintaining vigor, flexibility, and internal discipline. The strains created by recent massive shifts of cadres to lower levels and the difficulty of absorbing the high post-1949 membership will continue. Difficulties that will inevitably arise in formulating

the regime's program will almost certainly create policy differences at various party levels. Although these problems may force the party occasionally to resort to repressive measures, in the main the regime will probably be able, through periodic rectification programs, to resolve intra-party conflicts by discussion, persuasion, and administrative disciplinary procedures. Moreover, we believe that the party will retain a significant degree of flexibility in its policies.

67. These problems would be aggravated by the death or incapacitation of Mao. Should a succession question arise in the next five years, party authority would probably initially pass to a group, with Liu Shao-chi, Chou En-lai, Teng Hsiao-ping, and Ch'en Yun as its most likely members, and with Chu Teh as titular head of state. Policy disagreements and power rivalries would probably sharpen in the absence of Mao. The temptation to occupy his position would be great, and could lead to a struggle for dominance within the party. We believe that such a struggle would complicate the achieving of certain of the regime's objectives and reduce its policy flexibility, but would not threaten the regime's ability to control the country.

C. Popular Attitudes

68. We see little prospect that popular discontent can or will be translated into organized and active resistance in the near future. Unrest will probably continue at about its present level, and sporadic cases of isolated, small-scale active resistance will probably occur, particularly in rural and ethnic minority areas. Reactions to the increasing pressures of austerity and industrialization may, at times, cause the regime to clamp down, but the Chinese Communist leadership, while capitalizing on the people's recognition of the regime's willingness to utilize severely repressive measures if necessary, will probably avoid widespread or systematic use of terroristic methods. There will continue to be much dissatisfaction, but we believe the net effect on the regime's programs will be no more than a complicating or retarding one. Although the regime will continue to seek

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greater positive support, it will have limited success because of its determination to carry out its economic and social programs. The response of the bulk of the Chinese people to the regime will probably remain one of acquiescence.

69. The regime will continue to have problems with intellectuals. The outspoken criticisms which came from the universities in the spring of 1957 showed the regime that its efforts at indoctrination failed to force many students and professors into accepting the Communist way. The problems of winning the student generation will be made more difficult by the shortage of facilities for higher education, the limited urban employment opportunities for graduates, and the need to sharpen disciplinary measures and political controls over students. Furthermore, the regime will probably continue to force great numbers of middle school graduates to accept long-term agricultural assignments in the countryside.

70. The peasants will almost certainly continue to give the regime trouble. The regime recognizes that a major problem during the Second Five Year Period will be to improve the management of the collective farms and to obtain from the peasants a greater acceptance of the collective system. The regime will probably be able to keep the peasants in line by enforcement of tighter controls, and, in good crop years, by allowing some increases in consumption.

D. The Military Establishment

71. Communist China's military capability will almost certainly continue to improve over the next five years. Although the army will probably be reduced in size, it will be equipped with newer and better weapons, and will be more mobile and better trained than at present. The air force and navy will increase in size and effectiveness. Although the armed forces will be somewhat better balanced, the concept of a large ground army will still prevail. The Chinese Communists will probably maintain a large standing army which, in addition to its offensive and defensive missions, will provide the basic force for con-

trolling mainland China and will continue to have an intimidating effect in Asia.

72. By 1962 the combined air forces will probably have about 3,600 aircraft, an increase of more than 700. The Chinese Communists probably will have completed converting their fighters and light bombers to jets, and may by that time have some jet medium bombers. The navy will probably continue its rapid development, with principal emphasis on improved defense capability within home waters. There will probably be a significant increase in submarine strength, and the probable replacement of overage ships will increase the navy's operating effectiveness.

73. The armaments industry will increase in size and efficiency, but during the period of this estimate, Communist China will continue to be heavily dependent upon the Soviet Union for many kinds of heavy and complex military equipment and for technological assistance. During 1958-1962 it will probably be able to meet armed force needs for small arms and for nearly all artillery, transport, and ammunition, but will still be unable to meet the needs for armored fighting vehicles and more complex fire control systems. The shipbuilding industry will also continue its rapid expansion. Domestic aircraft production will probably increase considerably, but Communist China will continue to be dependent on the USSR for many components.

74. Although Communist China will almost certainly not have developed a missile or nuclear weapons production capability of its own by 1962 because of the continuing shortage of technicians and the demands of other military and economic programs upon its limited resources, we believe that the Chinese Communists will press the USSR for such advanced weapons. It is probable that during the next five years the USSR will provide the Chinese Communists with some varieties of missiles and other weapons adaptable to nuclear use, but with conventional warheads. The Chinese Communist and Soviet views on the introduction of nuclear warheads* into Communist China are less certain. Unless barred by an effective international agreement, the

* Including bombs.

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USSR may introduce nuclear weapons into Communist China by 1962, although they will almost certainly remain under Soviet control. In any event, even though nuclear warheads were not deployed in Communist China, they would be readily available if Sino-Soviet interests required them.

IV. COMMUNIST CHINA'S EXTERNAL RELATIONS

A. With the Bloc

75. Communist China's close relations with the USSR are based on mutual objectives, reliance on Soviet military power and economic support, a common ideology, and a conviction that Bloc unity is essential in the face of a common enemy. In the Chinese Communist view, unity is crucial to the expulsion of Western, particularly US, influence from Asia and Africa, and to the ultimate achievement of economic and military superiority over the West. The Chinese Communists appear to accept the Soviet Union as the head of the Bloc because of its experience and leadership in the doctrinal, economic and technological fields, and because of its military power. They have supported Soviet policy on all international questions. Communist China has in turn sought and gained Bloc acceptance as the second major Communist power and, probably, as a participant with the Soviet Union in the formulation of general Bloc policy.

76. The Chinese Communists insist that the strength and unity of the Bloc against the West must be maintained and that the essential Communist character of each Bloc state be preserved. To the extent that it will contribute to, or is compatible with, these overriding considerations, the Chinese Communists favor flexibility in intra-Bloc relations, desiring particularly that the Chinese party have a wide area of doctrinal and policy initiative. Although there have been differences in the emphasis which the Chinese Communists have placed on various aspects of intra-Bloc relations over the past two years, their basic concept of intra-Bloc relations has remained: the USSR is the head of the socialist camp and the member states should at all

times place the interests of unity among the Socialist countries above everything else; but the USSR should, in turn, refrain from excessive intervention in the internal affairs of each Communist state. These views of unity and diversity were substantially reflected in the Moscow 40th Anniversary communique, probably of joint Sino-Soviet authorship.

77. Close Sino-Soviet alignment does not appear to have been affected by the cessation of Soviet credits, although the Chinese Communists may have hoped for new credits or for more lenient repayment terms on past credits. Whatever the nature of the Peking-Moscow discussions on this subject, the Chinese Communists appear to have accommodated themselves to the situation, and in 1957 they altered their planning for the Second Five Year Plan to take account of reduced estimates of import availabilities. The Soviet Union is still extending technical assistance and has concluded a long-term agreement which is believed to provide for an increased level of Sino-Soviet trade, including the bulk of the essential import needs of Communist China's industrial development program. Moreover, the Chinese Communists probably believe that the USSR remains a source of aid in the event of a serious crisis.

78. Sino-Soviet relations as they concern guidance to the Asian Communist parties appear to have been governed by a mutually acceptable division of responsibilities and a willingness to cooperate. Despite occasional differences of nuance in the statements of Asian Communist parties, we have little evidence of any Sino-Soviet disagreement on the character of Communist activities in Asia. Communist leaders of North Korea and North Vietnam, as well as those in non-Communist Asian countries, visit both Moscow and Peking for consultation. The policy line, as given in newspapers and radio broadcasts of both countries, varies little if any.

79. With respect to the border areas, the USSR and Communist China apparently have overcome, or at least suppressed, their historical conflict of interests, and in Sinkiang and Outer Mongolia are cooperating in development programs. The Soviet Union is

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building the portion of the trans-Sinkiang rail line from the Soviet line in Kazakhstan to Wusu in Sinkiang Province, and the Chinese Communists have accepted Soviet technicians in the area to assist in its development. The USSR, by constructing the trans-Mongolian railroad to China, has facilitated increased Chinese Communist cultural and economic relations with Outer Mongolia.

80. During the five year period of the estimates, it does not appear likely that there will be any appreciable change either in the firmness of the Sino-Soviet relationship or in China's status and role therein. Though there will almost certainly be frictions, Communist China and the USSR will probably be able to work out satisfactory solutions to problems arising out of China's status in the Bloc, its economic relations with the USSR, and the division of Communist responsibilities in Asia. Nevertheless, because of Communist China's growing stature and strength, it is possible that problems may arise which would be difficult to resolve.

81. A source of disagreement may be Communist China's possible desire to exert greater influence on general Bloc policy, both internal and external. Because of the immense value of the Sino-Soviet alliance to both partners, Soviet and Chinese Communist leaders almost certainly will consider that they must meet certain of each other's requests, be careful not to offend each other's sensibilities, and defer, at times, to the other partner. Although the Soviet leaders will almost certainly be apprehensive lest a strengthened China seriously challenge the USSR for Communist primacy at some distant date, there is no evidence that this is affecting present policy. External policy disagreements, if any, would be more likely to occur with respect to areas where the interests of one party might be considerably greater, such as the Taiwan straits, or where they differed as to the risks involved in undertaking a specific action.

82. With respect to high level Soviet negotiations with the West, the Chinese Communists probably feel that it would be inadvisable at present to press for the introduction of topics which are of primary interest to Communist

China and which would require its presence, e.g., entrance into the UN and the acquisition of Taiwan. It is possible, however, that differences between Peking and Moscow may arise in the future with respect to the substance or the mechanics of negotiations with the West.

83. Sino-Soviet cohesion would probably not be significantly affected by a Soviet-Western detente, or by Communist China's entry into the UN or recognition by the US. Communist China would probably welcome a Soviet-Western detente because its leaders would believe that this would increase Communist opportunities in Asia. They would probably also welcome a limitation of armaments agreement which convinced them that they could safely reduce their expenditures for arms, although they would probably take the position that they would not be bound to any agreement in which they did not formally participate as the representative of China. The USSR would almost certainly welcome Communist China's representation in the UN and its recognition by the US, although the Soviet leaders might have some misgivings that these developments might reduce somewhat Peking's political dependence on the USSR.

B. Relations with the Non-Communist World¹

84. Communist China's leaders appear to view the present world position of the Sino-Soviet Bloc with considerable confidence. They seem convinced that the world balance of power has shifted to the Bloc and that the "East Wind" is prevailing over the West. Chinese Communist optimism is based on a view of history that assumes that Communism will ultimately triumph and on specific developments such as recent Soviet weapons advances, Communist gains in the Near East and Africa, and the rapid economic growth of the Bloc. While the Chinese Communists probably do not consider that the West has suffered any decisive defeat in the Far East since the French were forced out of Indochina, they appear confident that the trend in Asia

¹ See NIE 13-3-57, "Communist China's Role in non-Communist Asia," dated 3 December 1957.

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is running against the West. Peiping almost certainly considers the growth of Communist political strength and influence in Indonesia and of neutralism and anti-American feeling in some Asian countries as indications of this trend.

85. In a period of less than a decade, Peiping's leaders have seen their country become the strongest Asian power and achieve substantial progress in making its impact felt in Asia and the world. They are cognizant of growing pressure in the Free World for expanded economic and political relations with Peiping. Communist China is not handicapped by Asian racial antagonisms against the white man and it can claim common experience with the former colonial areas. The Chinese Communists almost certainly believe their economic progress can be used in their efforts to convince the underdeveloped Asian countries that Communism is the best way forward.

86. The Chinese Communists have given no indications of undue impatience in the pursuit of their objectives in Asia. They appear aware of the many problems of internal development facing Communist China, the continuing need to adjust and reconcile intra-Block relations, and the suspicions of Communist China which exist in much of Asia. Most importantly, they almost certainly consider the presence of US influence and military forces in Asia to be the major obstacle in their path. They almost certainly estimate that any attempt to speed up the process of communizing Asia by military aggression would involve serious risk of war with the US, but at the same time probably believe that over the long run the US will not be able effectively to counter the forces which they consider to be working to the advantage of Communist China.

87. Given these views, Communist China appears to be directing its energies toward the intermediate objective of weakening the position and influence of the US in Asia. To this end it is seeking to induce Asian countries to adopt a policy of friendship toward the Bloc, to strengthen, and if possible bring to power, indigenous Communist movements

without the use of external force, and to undermine the will of the Nationalists on Taiwan to resist. Since Indochina, the principal thrust of Communist China's policy has been reasonableness and peaceful coexistence, though it has been adamant on certain basic issues, particularly Taiwan.

88. We believe that Communist China will continue essentially the outlines of its present flexible course in Asia, though displaying more assertiveness and a heightened readiness to take advantage of opportune situations. It will probably intensify its efforts to convince other nations of its peacefulness and reasonableness, and even of its willingness for a rapprochement with the US, believing that an apparent readiness to make concessions will add significantly to Free World pressures to accept Communist China as a member of the community of nations and to bring about a change in US policy.

89. Communist China will continue to seek admission to the UN and the expansion of economic and political relations with most states. It will probably make additional offers of economic assistance to other Asian countries. At the same time, it will continue its subversive efforts throughout the Far East. In its propaganda overtures, it will attempt to create an exaggerated impression of its economic growth, and, while stressing its peaceful intentions, will do nothing to dim its growing reputation in Asia as a military power. In relations with Asian states its military power will be an operating but silent factor. It will probably not resort to overt military aggression which it believes would involve it in military action with the US.

90. Peiping is probably concerned that, as an unwanted by-product of peaceful coexistence, there is a growing acceptance of a "two-Chinas" concept. The Chinese Communists will continue their efforts to disabuse the world, and especially other Asian leaders, of any idea that Communist China will renounce its intention to gain control of Taiwan. They will almost certainly not resort to military action to seize Taiwan, so long as this would involve risk of war with the US. They will almost certainly continue their present efforts

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to undermine Nationalist will and to discredit the Republic of China abroad. The possibility cannot be excluded that the Chinese Communists will adopt a more aggressive policy toward the Offshore Islands, in part because of intense irritation and a sense of affront, in part to emphasize their determination to destroy the Nationalist government, and in part to test US intentions in the Taiwan area. If they should become convinced that the US would not intervene militarily, they would seek to capture these islands by military action.

91. The Chinese Communists will probably complete the announced withdrawal of their forces from Korea in order to bring pressure on the US to do the same, to enhance Communist China's chances for UN entry, and to support Moscow's efforts to create Free World pressures for summit negotiations and disengagement schemes. However, Peiping will almost certainly maintain its military forces in a position to reintervene rapidly in case of a resumption of hostilities. The Chinese Communists, in concert with the Soviet Union, will probably encourage the North Korean regime to build covert strength in South Korea and to press for the reestablishment of cultural and economic contacts across the armistice line. The Chinese Communists will probably publicly support North Korean pressure for nationwide elections under "neutral" supervision, but will continue to oppose direct UN supervision. The Chinese Communists will almost certainly not agree to unification on terms which they estimate would lead to an anti-Communist Korea.

92. Peiping's objectives in Vietnam will similarly be to strengthen the Communist regime in the north while attempting to undermine the government in the south. Peiping will continue to support Communist agitation for nation-wide elections under conditions that would favor the Communists. The Chinese Communists may believe that should South Vietnam be deprived of President Diem's leadership, the Communists might gain sufficient strength to seize control from within.

93. Japan will continue to be one of Peiping's most important targets, especially because

there is a growing area of competition between Communist China and Japan. Chinese Communist policies will be directed toward reducing the degree of cooperation between Japan and the US, particularly in the military field, toward undermining the Japanese government's anti-Communist position, toward destroying the friendly relations between Japan and the GRC, and toward increasing the influence in Japan of left-wing elements, e.g., left-wing Socialists, and the Japanese Communist Party. Peiping will continue to exploit Japan's desire for peace, its fears of becoming involved in a nuclear war, any areas of friction with the US, and Japan's eagerness to expand trade with mainland China. Peiping will probably be able to gain at least quasi-diplomatic status for a Chinese Communist trade mission. In pursuit of these objectives, Communist China will continue to employ both conciliatory and tough tactics.

94. Although the majority of the Overseas Chinese will probably continue to seek to avoid entanglement in the political activities of both Communist and Nationalist China, Peiping will nevertheless continue its efforts to use the Overseas Chinese as instruments for both overt and covert activities. At the same time, these communities will continue to be a source of friction between Peiping and the host governments. The nature and effectiveness of Chinese Communist policy towards Overseas Chinese will continue to vary from country to country, but there are indications that Peiping will increase its efforts to allay Southeast Asian suspicions by emphasizing in its propaganda the responsibilities of the Overseas Chinese to the host country.

95. Assuming no significant change in the basic policies of the Bloc or of the West, in particular the US, we believe that intercourse between Communist China and the Free World will increase considerably during the next five years. This will come about for a number of reasons, including a growing belief that normal relations with Communist China should be established, a hope that such relations would reduce tensions in Asia, and a desire to exploit what many see as a major trading potential. For these reasons, addi-

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tional countries will probably recognize Communist China, possibly including Canada, New Zealand, Belgium, France, and Japan.

96. It is probable that the US will experience more difficulty in seeking to exclude Communist China from the UN. Moreover, the effect of the UN's censure in generating opposition to Communist China will probably decrease with the passage of time and with the withdrawal of Chinese Communist troops from Korea. Should Communist China gain a seat in the UN, it would be taken, in Asia especially, as a mark of international acceptance of Communist China, and many of the countries not already recognizing Peking would probably do so. Particularly in Asia, commercial and other forms of intercourse with Communist China would almost certainly increase substantially. Communist China's opportunities in Asian countries for subversion, for influencing the Overseas Chinese, and for giving covert support to indigenous Communist parties would increase.

97. If Communist China continues its present international policy, we believe that its prestige in Asia will continue to grow during the next five years. This will occur whether or not additional countries recognize Communist China, or it is admitted to the UN. But it does not necessarily follow that as a result

of increased prestige the Chinese Communists will be able to induce non-Communist Asian countries to adopt internal or external policies desired by Communist China. Communist China's future role in Asia will be determined to an important extent by developments in five fields, in varying degrees beyond the control of the Chinese Communists:

a. The course of events in the US-USSR relationship and in the broad aspects of the cold war.

b. Developments within the Bloc such as spectacular scientific achievements or major political upheavals.

c. The extent to which local Communist parties, e.g., those in Indonesia, Laos, and India, gain or lose political strength.

d. The extent to which the growth of Communist China's power gives rise to increased apprehensions among Asian governments as to Communist China's future intentions and thus causes them to take increasingly effective measures at least to counter their own internal Communists.

e. The extent to which the US has the confidence and trust of non-Communist Asian governments, and in turn helps these governments not only to resist the Communists, but also to meet their national aspirations.

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THE FIRST FIVE YEAR PLAN

A1. The Chinese Communists made substantial economic progress during their First Five Year Plan 1953-1957. Gross National Product increased at an average annual rate of about 7-8 percent,² which compared favorably with recent rates of a little over three percent in India, eight percent in Japan, and seven percent in the Soviet Union. While the average rate of growth was fairly rapid, increases from year to year were uneven, in large part because agricultural output, which provides about 50 percent of total national income and the raw materials that determine the output of light industry, depends upon uncertain weather conditions. (See Figure 4 for Gross National Product, by sector of origin.)

A2. To achieve this rate of growth, total investment averaged 17 percent of the GNP for the five year period, a proportion roughly comparable to that in the US. Investment in capital construction accounted for about 58 percent of gross investment during the five year period; of total investment in capital construction 56 percent went into industry, 19 percent into transportation and communications, and only about 5 percent into agriculture. Nevertheless, over 50 percent of total investment funds were derived directly or indirectly from agricultural output.

A3. Communist China's budget revenues rose sharply up to 1954 as the regime consolidated

its controls over the economy, but have since risen more gradually and, as a proportion of the GNP, actually declined slightly from 29 to 27 percent between 1954 and 1957. The regime's fiscal policies have been to maximize revenues and to tailor its expenditures to its expected receipts. The regime's flexible control over expenditures has generally maintained budgetary balance and economic stability, except in 1956 when the government resorted to currency issue to cover a budget deficit. However, a surplus in state revenues was reestablished in 1957, largely as a result of a cutback in investment. (See Figure 5 for state revenues and expenditures.)

Industrial Production

A4. During the First Five Year Plan, Communist China, with substantial Soviet assistance, made considerable progress in laying the foundations for industrialization. Starting from a small base, the gross value of industrial output increased about 123 percent, with heavy industry increasing more than 200 percent and light industry some 85 percent. Although the average annual rate of growth of industrial output during the period was high (16.5 percent), it was uneven, being reduced to 7 percent in 1957, which was a year of consolidation and rebuilding of inventories after the overambitious construction activity of 1956.

¹ Chinese Communist statistics upon which the data and analyses throughout this estimate are based are subject to the same reservations as those of other Bloc countries, but to a somewhat greater extent, in view of the inexperience on the part of the newly established Chinese Communist statistical collection system. This inexperience probably accounts for the majority of such statistical defects as have been noted. Chinese Communist statistics are the basis for the regime's planning and we believe are not, in general, misrepresented.

² However, in international comparisons, account should be taken of Communist China's price structure, which in terms of world prices overvalues industrial manufactures—the fastest growing sector—and thus overstates the rate of growth. If Communist China's industrial manufactures were re-valued at world market prices, the rate of growth would drop to 6-7 percent.

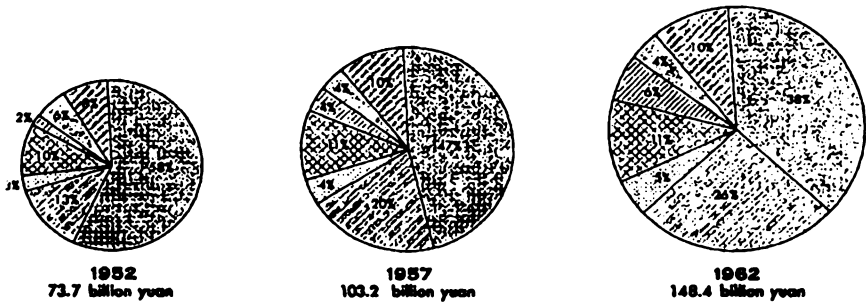
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COMMUNIST CHINA
GROSS NATIONAL PRODUCT, BY SECTOR OF ORIGIN
1952, 1957, and 1962
(1956 Constant factor prices)

Figure 4



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|---|---|
| Agriculture, Forestry, and Fisheries | State Construction |
| Industry | Government (including Health and Education) |
| Transport, Communications, and Other Services | Consumer Services and Trade |

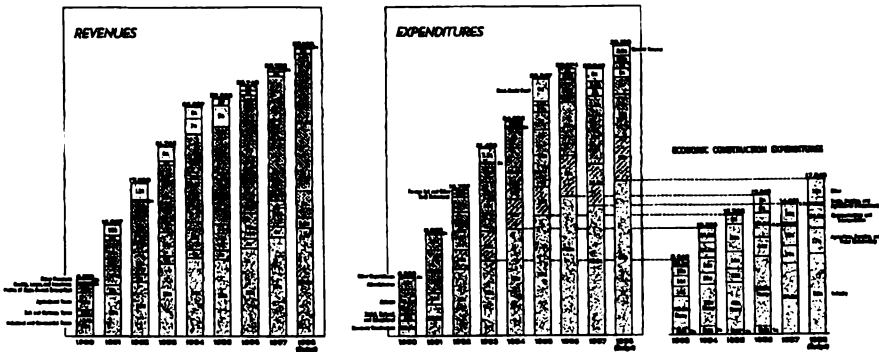
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Page 6

COMMUNIST CHINA
BUDGET REVENUES AND EXPENDITURES
1950-1958
(Billions of Current Yuen)*



* Because of a general reduction of prices paid to farms, revenues and expenditures for 1955-58 should be increased by about one billion yuen to make them comparable with earlier years.

1958 148

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ANNEX A

A5. Machine and Equipment Building. One of the most important developments of the five year period was the rapid development of machine and equipment building industries. Whereas Communist China was formerly heavily dependent upon foreign producers for machinery, as well as for much of the industry's raw materials, its machine building industry probably was able to satisfy about 60 percent of the machinery requirements of the First Five Year Plan. Communist China now is able to produce a portion of its requirements for more complicated machine tools, mining and metallurgical processing equipment, power station equipment for medium size plants, motor trucks, aircraft, and locomotives. The naval and civil ship-building industries, the electronics industry, and related ferrous and non-ferrous metallurgy industries have also achieved considerable development. Although much of the recent advance has involved imitation of Russian equipment from Russian plans with substantial Russian components, Communist China now is independently able to design many items. The rapid development of machine industries in relation to other industries and services created imbalances in product demand and raw material availability which led to production cutbacks and under-utilization of capacity in a number of machine building industries in 1957 (e.g., trucks, locomotives, freight cars, machine tools, and agricultural and textile machinery).

A6. Iron and Steel. During the past five years, pig iron output increased from 1.9 million tons to 5.9 million tons and crude steel rose from 1.35 million tons to 5.24 million tons. Increased production was obtained mainly through the development of existing facilities, but in the next five years the plan is to establish new iron and steel bases and to improve facilities to provide an increased variety of steels. Construction is under-way on two large integrated plants, one at Pao-tou and one at Wuhan, and on some 25 small and medium size non-integrated plants based on nearby coal and ore deposits.

A7. Non-Ferrous Metals. China has become self-sufficient in most non-ferrous metals, with exports of these commodities increasing.

A significant aspect of non-ferrous mineral production has been the rapid development of the aluminum industry which will support aircraft production and provide a partial substitute for copper. Further development of non-ferrous metal production is planned, with particular emphasis on the expansion of copper output, presently inadequate in the Bloc.

A8. Chemicals. Production in the chemical industry tripled during the Five Year Plan. Important commodities now produced in China include basic industrial chemicals, chemical fertilizers, insecticides, antibiotics, plastics, and organic synthesized dyestuffs. However, the industry still is far from meeting the needs of agriculture and other industries in either volume or variety of products. Development of the chemical industry during the Second Five Year Plan appears to have a high priority. As an integral part of the drive to solve China's pressing agricultural production problem, the chemical fertilizer industry is to be developed as fast as possible and, to aid the tight situation in the supply of raw cotton, the synthetic fiber industry is also to be emphasized.

A9. Petroleum. Production of crude oil, although underfulfilling the Plan goal by some 25 percent, still achieved the high growth rate of 230 percent during the Plan period. Development of existing and new producing fields, and construction of new processing and transport facilities during the Plan, have laid the groundwork for future large increases in production. However, the Chinese Communists are planning large-scale investment in high cost production of oil from shale and coal, suggesting that they are pessimistic over the potential crude oil output. Whatever the increase in production that is achieved, it will almost certainly be insufficient to meet the increased requirements for petroleum products, and Communist China will remain heavily dependent upon imports.

A10. Coal. Coal production nearly doubled during the First Five Year Plan and generally kept pace with industrial and power requirements. However, urban and rural household demand increased faster than anticipated and the regime was forced to introduce rationing

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ANNEX A

in 1956 and 1957. Increased emphasis on small and medium size workings should help to meet the increasing demand for household use.

A11. *Light Industry.* Light industry, although becoming more diversified, progressed much more slowly than heavy industry during the First Five Year Plan, although most production goals were attained. Most increases in light industry production during the First Five Year Plan came from a greater utilization of existing facilities. Although additional capacity has been developed in the cotton textile industry, there has been considerable under-utilization of capacity during the last three years because of shortages of raw materials.

A12. *Regional Dispersion of Industry.* The Chinese Communists plan a more balanced distribution of economic activity throughout the territory of China within a period of three Five Year Plans (1953-1957). But they made relatively little headway toward this goal during the First Five Year Plan. There was an even greater concentration of industrial production in the old industrial areas as a result of reconstruction of existing industrial plant and of building of new industry in these areas. New construction was apparently guided largely by the fact that these areas have known sources of raw materials and fuel, developed transportation facilities, and a supply of skilled labor. More than 80 percent of total investment in China's iron and steel industry was allocated to northeast China during the Plan and half of the 156 industrial projects carried out with Soviet aid are being located in this one region.

A13. *Transportation.* Despite recurrent traffic congestion, the transport system has been able to support the growth of the economy. The transportation system has been utilized at close to capacity, and all branches of the sector have experienced high growth rates. The railroads have been primarily responsible for the support of the industrial sector but the other types of carriers are increasing their proportionate share of the load. The following tabulation of estimated total freight ton-kilometers carried exclude inland and coastal junks and carts and pack animals:

TABLE II

	1952 (Billion ton kilo- meters)	%	1957 (Billion ton kilo- meters)	%
Railroads	60.3	86.6	124.6	81.5
Roads	.978	1.0	3.79	2.3
Inland Waterways	3.64	5.3	16.7	8.6
Coastal Shipping	8.0	7.3	11.1	6.7
TOTAL	69.518	100	155.18	100

A14. By domestic merchant ship construction and acquisition from Poland and elsewhere, the Chinese Communists are continuing to expand their shipping fleet at a substantial rate. The Chinese Communists probably intend not only to expand their coastal merchant marine operation, but also to enter to a limited extent into the carriage of their international trade, especially with other Asian countries. The regime is also apparently planning an expansion of Yangtze River traffic and Yellow Sea coastal shipping to relieve strain on the railroads.

A15. Chinese Communists now have a civil air system which provides direct connections between Peiping and most of the major cities. The Chinese Communists have made considerable investment in civil aviation and there has been an almost complete modernization and changeover of planes and equipment. During the next five years, the network will probably be expanded to include the other major cities, but the goal of a nation-wide air network is not expected to be reached until the third Five-Year Plan.

A16. During the first four years of the First Five Year Plan emphasis was placed on building new rail lines, particularly in the West and Northwest. (See map.) The rail line to the Soviet Union through Sinkiang province has progressed beyond Yu-men, the area which contains the largest proved indigenous source of crude oil. The trans-Mongolian line to the Soviet Union has been completed, which in addition to providing a shorter rail connection between China proper and the European USSR, has permitted an increase in Chinese economic relations with Outer Mongolia. Another portion of the future north-south

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ANNEX A

trunk line in the west has been completed between Pao-chi, on the Lanchow line, and Cheng-tu in Szechwan Province. The regime also completed the strategic rail line from Ying-tan (on the rail line between Shanghai and Changsha) to the east coast port of Amoy. However, the regime was forced to curtail work in 1957 on new lines and to put emphasis on repairing and increasing the capacity of existing lines in the high density use sectors in the North and Northeast. In part, this was done to alleviate the critical tie-ups which had developed in certain sections of the system in 1956, and in part because of the necessity generally to reduce investment spending in 1957.

A17. The supporting role of native transport in China remains very important. A recent article by the Minister of River Fleet of the Soviet Union, reporting on his inspection of Chinese inland waterways, presents a percentage breakdown of freight carried by all of the various types of transport in 1956:

TABLE III

	Tons carried	Ton/km
Railroads	33.0	76.7
Inland Waterways		
Modern Ships	4.7	8.5
Native Ships	9.9	3.6
Coastal Shipping	1.5	4.7
Motor Vehicles	16.7	2.3
Carts and Pack Animals	46.3	1.3
TOTAL	168.0	166.0

This table emphasizes the important part junks, carts, and pack animals play in short-haul local movement of goods. Such transport in 1956 carried over 80 percent of the freight tonnage, but less than 5 percent of the ton-kilometers.

Agricultural Production

A18. During the First Five Year Plan, we estimate the output of food rose 10 percent¹ to 185 million tons grain equivalent, with grain crop area increasing about 8 percent (including double cropping) and per hectare yields rising about 7 percent. Cotton production in-

creased by about 25 percent, with the area planted in cotton expanding by about 3 percent and the yields per hectare increasing by about 22 percent.

A19. The main factor to which this agricultural expansion is credited has been the mobilization of idle and underemployed rural labor for increased cultivation work and land improvements, which was accelerated after collectivization. Irrigated land reportedly increased by one-fifth to 37,000,000 hectares, and extensive flood control and soil conservation measures were undertaken. In addition, chemical fertilizer supplies were raised from 333,000 tons to a peak of 2,000,000 tons in 1956, providing a small but important addition to soil fertility. Rural coal supplies were more than tripled to a peak of over 25,000,000 tons in 1956, permitting greater use of straw and other by-products as feed and fertilizer. Improved seeds were developed and by 1957 were reportedly sown on 40 percent of the grain acreage, 80 percent of the cotton acreage, and 30 percent of the oil seed acreage. There has also been an increase in the supply of farm tools, and some progress was made in controlling crop pests.

A20. The growth of agricultural production was adversely affected in certain respects by the collectivization of the peasants. It upset the production and market organization in the farm areas and reduced the production of certain subsidiary products. Moreover, there has been a sharp decline in draft animal power per crop hectare, due to an increase in the acreage under cultivation without a corresponding increase in draft animals, and to the lack of care given them by the collectives.

A21. The Chinese Communists have had considerable difficulty in raising livestock production. Cattle are the major source of draft power on China's farms and hogs are the major source of meat in the diet of the population. Official concern has been great, but planned increases have not been realized. Although the number of hogs increased from a low of 84 million in 1956 to 114 million in mid-1957, it still fell short of the 1957 target of 133 million.

¹ The official Chinese Communist figure is 20 percent, which we believe overstates the actual rate of growth.

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ANNEX A

Foreign Trade and Economic Relations

A12. Foreign trade has been an important factor in Communist China's First Five Year Plan, and has supplied important quantities of military equipment, capital goods, and essential raw materials. To obtain the necessary imports, the foreign trade policy was to expand exports as rapidly as possible in order to finance a greater volume of imports, and to limit imports to essential commodities. During the period 1953 to 1957, balance of payments pressures increased, reflecting the cessation of Soviet loans, a rise in foreign debt service, continuing high foreign-aid commitments, and declining receipts from foreign expenditures in China and from Overseas Chinese remittances. As a result, although exports approximately doubled between 1952 and 1957, imports rose by only a third. Trade with the Bloc accounted for about 78 percent of total trade.

A13. Imports during this period totalled almost 25.2 billion yuan. Of this total, approximately 3.2 billion yuan was financed by Soviet credits — military credits accounted for 2.2 billion yuan, or roughly 9 percent of total imports, and economic credits accounted for about 1 billion yuan, or 4 percent of total imports. The composition of imports is estimated approximately as follows: machinery and equipment (including military equipment), 60 percent; raw materials, 30 percent; and consumer goods, 10 percent.

A14. Exports are estimated at approximately 23.8 billion yuan during 1953-1957. Agricultural products and products processed from agricultural raw materials accounted for about 75 percent of total exports, with exports of mining products, machines, and industrial products contributing the remaining 25 percent. The small decline in exports in 1956-1957, which apparently caused the Chinese Communists to decrease imports in some degree in 1957, was partially due to a drop in exports of foodstuffs, exports which largely would have gone to the USSR.

Population, Manpower, and Consumption

A15. According to the Chinese Communists, the population of China at the end of 1957

was 640 million, compared to about 575 million at the end of 1952. It was not until about 1956 that recognition of the dangerously narrow margin between the rates of growth of agricultural output and population caused Communist China's leaders to change their doctrinal outlook from one of pride in greater population to the need for population control. They are now developing programs to reduce the birth rate. We expect population growth rate to level off at about 2.0 to 2.5 percent. At this rate the population in 1962 would be about 706-724 million and, by 1967, 780-818 million. In any event, the population increase during the Second Plan period will continue to press heavily on the supply of food and consumer goods.

A16. This population growth not only poses a problem of food supply but also the problem of maintaining full employment with equitable income distribution. The employment category of factory workers and office staff — the only category open to major percentage increase — is still limited to 24 million, and only 5.3 million persons were added to these categories during the First Five Year Plan against a total population increase of 65 million. The Communists have evidenced awareness of their growing employment problem and have plans to use more investment funds on projects which maximize employment. Various steps have been taken to stiffen the policy preventing peasant migration into the cities and even to transfer large numbers of present urban residents back to the countryside. The latter policies will serve to lower average income of the rural population but will not increase agricultural output since rural labor is already excessive.

Scientific Development

A17. During the past year Communist China has reemphasized its policy of vigorous development of scientific research. Although there was retrenchment in most other fields in 1957, the Chinese Academy of Sciences budget was raised one third, and it established over a dozen new research institutes and laboratories. Such emphasis has also been expressed in organizational changes, expansion, and in

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ANNEX A

revised policies in higher education and training of researchers. However, the amount of significant research work continues to be small. Scientific manpower resources have improved only slightly, and the regime has acknowledged that educational policies have not produced sufficient numbers of graduates qualified for advanced scientific training.

A28. Educational policies in higher education have been revised to place more emphasis on quality. Curricula are expected to be redesigned to provide a broader and more fundamental education rather than the present highly specialized type. The Chinese Academy of Sciences sent 129 students to the USSR in 1956. In addition, the Ministry of Higher Education sent about 500 post-graduates last year, of whom perhaps 200 may be trained as potential researchers.

A29. Training programs in the Academy of Sciences, the universities, and the USSR will probably expand gradually so as to produce by the end of the estimate period some 3,000-4,000 new people with potential for being productive in scientific research and development. This gradual expansion would double

the number now believed to be of research and development caliber. Highly competent scientists will, however, emerge much more slowly; the present estimate is that only a few hundred will be added by 1962 to the less than 1000 now available.

A30. We believe that a transition period has now arrived in which the utilization of Communist China's scientific resources in support of economic and military development will gradually change. Whereas the scientific effort is now concerned with low-level industrial testing, trouble shooting, and assimilation of imported foreign technology, we expect that Communist China's developmental capability by 1962 will be compatible with the level of its imported foreign technological processes. This work will be concentrated in the applied fields listed in the 12-year plan for research and development: nuclear energy, electronics, metallurgy, power, etc. By 1962 we may also expect some basic research results which will go somewhat beyond the backlog of research experience brought back by Chinese scientists from Western laboratories.

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ANNEX B

COMMUNIST CHINA'S MILITARY ESTABLISHMENT

A. Ground Forces

B1. During the period 1955-1967 Communist China's system of internal military regions was reorganized to provide twelve, rather than the previous six regions, and to orient them strategically and functionally to present day requirements. This represents a considerable improvement in the administrative and command structure. Also during the past year there has been a trend toward creating a better balanced army through an increase in the proportion of support units to infantry units. There are continued indications of a possible shift in tactical doctrine to meet problems of modern military operations. For example, continuing atomic and some chemical warfare exercises emphasize individual and unit protective measures similar to those of the Soviet army, and there appears to be increasing emphasis on mobility and dispersion and somewhat decreased emphasis on the offensive doctrine of mass attack. It is unlikely that there is any significant degree of operational integration or coordination between the Soviet and Chinese ground command except in the logistical fields, where it is required because of Communist China's continued dependence on the Soviet Union for much of its military equipment.

B2. In January 1958, about 28 percent of Communist China's ground force strength was in Korea and Manchuria, 23 percent in the area bounded by Shanghai, Hankow, Canton, and the coast, and about 17 percent in the north China plain area. The remainder provided coastal defense in the areas north of Shanghai and south of Canton or was disposed in the central, western and northwestern areas as internal and border security forces. This general deployment represented little change from that of the previous year. (See map.)

B3. However, in February the Chinese Communists announced their intention to withdraw all their forces from North Korea by the end of 1958. Two armies have already been withdrawn, and it appears probable that the remaining forces, which include three armies and total about 200,000 men, will be withdrawn in 1958 as announced. A survey of present troop dispositions indicates south and central China as feasible locations for at least part of the forces withdrawn. Strategic considerations suggest the probable retention of a significant part of the force in north and northeast China. However, there is no firm evidence as to where withdrawing forces will actually be stationed. Although immediate Communist defensive capabilities in Korea are weakened by the withdrawal of Chinese Communist troops, the speed with which forces in Korea could be reinforced from China leaves the relative capabilities of UN and Communist forces in Korea essentially unchanged.

B4. There has been a considerable turnover of ground force personnel as older and physically unfit men have been replaced by conscripts. The Military Service Law of 1955 provides for a three-year term of service under the military conscription system and the establishment of a reserve. The ground force enlisted personnel, with the exception of a nucleus of non-commissioned officers, now consists of selected conscripts, who are trained in modern warfare with modern weapons. The training cycle begins with basic training in the spring and appears to progress to regimental and divisional size maneuvers by the following winter. The service school system for officers and non-commissioned officers appears to be concentrating on retraining in the refinements of modern warfare. Higher-level staff colleges are also in operation and both junior and senior officers may be detailed to

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ANNEX B

TABLE IV

THE CHINESE COMMUNIST GROUND FORCES

	<u>Units</u>	<u>Estimated Strength</u>
Armies	30	2,970,000 Total
Divisions		47,000 each
Infantry	114	14,000 each
3 Infantry Regiments		
1 Artillery Regiment		
94 light & medium field		
artillery pieces		
12 medium mortars		
1 AA battalion		
12 light AA pieces		
12 AA machine guns		
1 AT battalion		
12x57-mm AT guns		
*1 tank-assault gun regiment		
32 medium tanks		
12 self-propelled assault guns		
—Support units		
Armored	3	6,000 each
80 medium tanks		
10 heavy tanks		
8 self-prop guns		
Parachute	1 (possibly 3)	7,000 each
Cavalry	2	5,000 each
Artillery		
Field Artillery	13	5,500 each
100 pieces up to 152-mm		
Rocket launcher	2	3,500 each
12x152-mm multiple rocket launchers		
Anti-tank	3	3,400 each
72 AT guns		
Anti-aircraft	6	4,800 each
100 light & medium guns		
Public Security	20	7,000 each

* To date only 25 of the 114 infantry divisions are believed to have the tank-assault gun regiment.

(In addition, the ground forces are believed to include a number of public security and artillery divisions not yet identified, and approximately 60 independent regiments including artillery, engineer, motor transport, and public security.)

appropriate military schools in the Soviet Union. The reserve includes conscripts who have completed their military service, graduates of reserve training programs in the high schools and universities, and officers released from active duty. After 1958, the reserve will contain at all times about two million men who have had active military service within the previous three years. The Chinese Communists are probably capable of effectively and rapidly mobilizing this reserve for active duty.

B. Air Forces

B5. Communist China's air arm is heavily dependent upon the Soviet Union for planes, equipment, supplies and training. Consequently, its tactical doctrines and command and logistic relation closely resemble those of the Soviet Union. The air force and the naval air force constitute a reasonably developed and improving air arm. Their personnel are young and vigorous. Morale is high. The air forces are organized into bomber, fighter, attack, and transport units which could operate

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ANNEX B

from many points on Communist China's periphery. The Chinese Communists now have 104 airfields suitable for jet operations and 285 other bases. They have developed a reconnaissance capability, at least in the photographic field. In equipment, training, and deployment, the air forces are oriented toward defensive and tactical operations.

B6. The Chinese Communist air defense is concentrated in areas containing major military and industrial targets, with the Shanghai area the most heavily defended. They have a radar system with a central control, which covers the entire coast as well as these major centers. This system provides a fair to good capability to detect penetration of coastal and major target areas, except by aircraft at low altitudes: however there are still some areas not adequately covered by GCI. Air interception capability is hampered by a shortage of adequate GCI radars, by a serious shortage of airborne intercept equipment, by inadequate pilot experience in night and all-weather flying, and by only fair but improving standards in ground controlled interception procedures. (See map.)

B7. The air arm is gradually increasing in size and converting rapidly to jet aircraft. During the past year, the total number of aircraft increased by 475 and the number of jets increased by 540. Piston fighters will probably be phased out entirely by the end of 1958 and we estimate that by 1962 the Chinese Communists will have about 2,900 jet fighters. By mid-1959 piston light bombers will probably be completely replaced. The piston medium bombers will probably increase to about 60 by 1961, and by 1962 the Chinese Communists may have a few jet medium bombers. Communist Chinese air interception capability will improve during the next five years as the programs are carried out to improve communications, to acquire additional high altitude GCI, and to develop further their all-weather interception capabilities. However, the effectiveness of Communist China's air defenses could still be substantially reduced by well planned and coordinated multiple attacks, and by electronic countermeasures. Air force ability to support ground operations is being enhanced through operational train-

ing. Operational effectiveness of the bomber force is reduced by such factors as electronic equipment of limited capability, which under other than visual or ideal radar conditions affects bombing accuracy, and by the lack of combat experience.

TABLE V

THE CHINESE COMMUNIST AIR ARM

A. Air Force

	<u>Jets</u>	<u>Non-Jets</u>
Total Personnel 79,000		
Fighters	1,900	26
Attack, fighter	180	70
Light bomber	230	166
Medium bombers	—	20
Transport	—	170
Helicopter, large	—	20
Reconnaissance	20 (5 light	—
Utility/Liaison	— bomber; 25	65
Trainer, fighter	115	—
TOTAL	1,565	546
TOTAL AIR FORCE	2,410	

B. Naval Air Force

	<u>Jets</u>	<u>Non-Jets</u>
Total Personnel 3,000		
Fighter	200	—
Light bomber	205	—
Transport	—	20
Helicopter, large	—	10
Reconnaissance, light bomber	5	10
Utility/Liaison	—	5
Trainer, fighter	15	—
TOTAL	435	45
TOTAL NAVAL AIR FORCE	470	
TOTAL AIRCRAFT ALL TYPES	2,880	

C. Navy

B8. The principal strength of the Chinese Communist Navy consists of four destroyers and 16 submarines. All of these vessels, with the exception of three submarines assembled in China, were transferred from the Soviet navy during 1954-1955. Large-scale exercises, including anti-submarine and probably amphibious operations, have been held in the Yellow Sea. During 1957, units of the fleet were at sea more often and for longer periods of time than previously, indicating a probable increase in operating effectiveness. Rocket

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ANNEX B

installations on landing craft have been confirmed, and there is evidence that training in atomic, biological and chemical warfare has been initiated.

B9. Communist China has begun a significant shipbuilding program with large-scale technical assistance from the Soviet Union. At first, component sections prefabricated in the Soviet Union were assembled in Chinese shipyards; however, increasing numbers of component parts are being produced in China, including propulsion equipment, steel plates, and electronic gear. Five classes of new ship construction, all based on basic Soviet designs, have been identified. By far the largest and most important of these ships are the "W" class submarines (SS) and the "Riga" class escort vessels (DE). Other identified new construction includes "Kronstadt" class submarine chasers (PC), T-43 class fleet minesweepers (MSW), and "P-6"

class motor torpedo boats (PT). Nearly all of this new construction is concentrated in the Shanghai shipbuilding complex. The only known naval shipbuilding outside of the Shanghai area is submarine chaser construction at Whampoa and possible PT boat construction at Wuchang on the Yangtze River and Whampoa. In addition, the Chinese shipyards are rapidly increasing the numbers and size of merchant ships under construction.

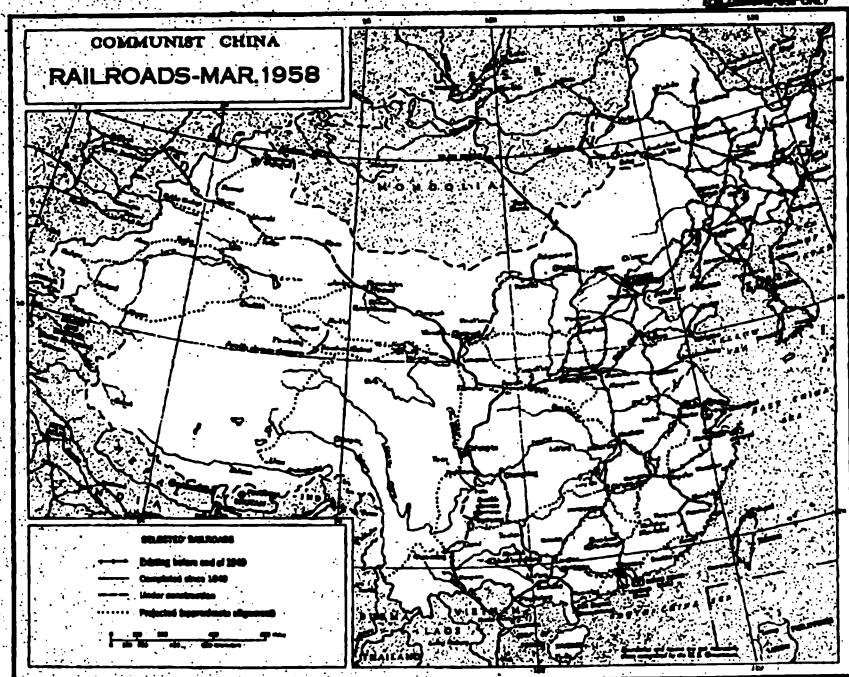
TABLE VI

THE CHINESE COMMUNIST NAVY *

Officers and men	86,000 (includes 8,000 naval air)
Destroyers	4
Submarines	16
Patrol	216 (including 116 PT's, 4 DE, and 25 PC)
Mine warfare	31
Amphibians	84

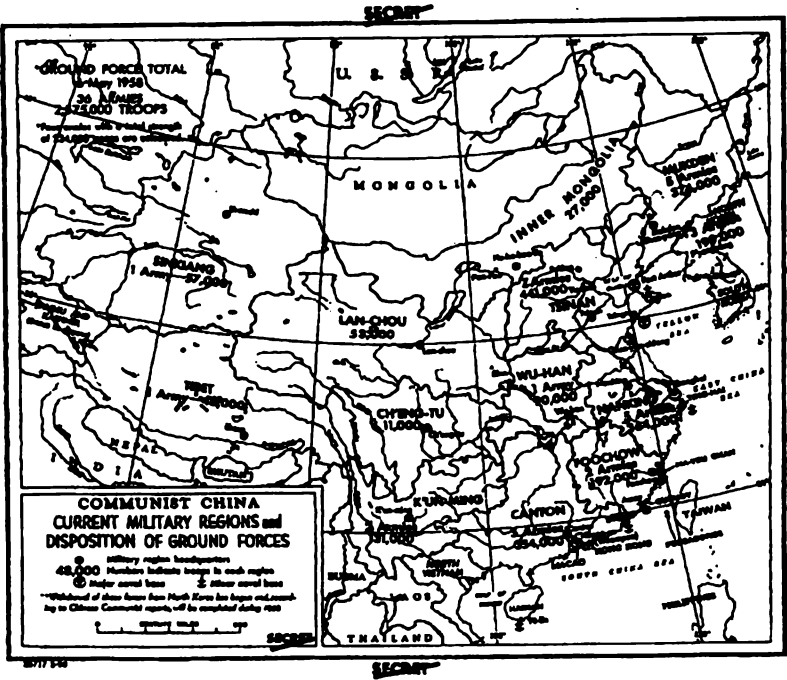
* For naval air strength see Table V.

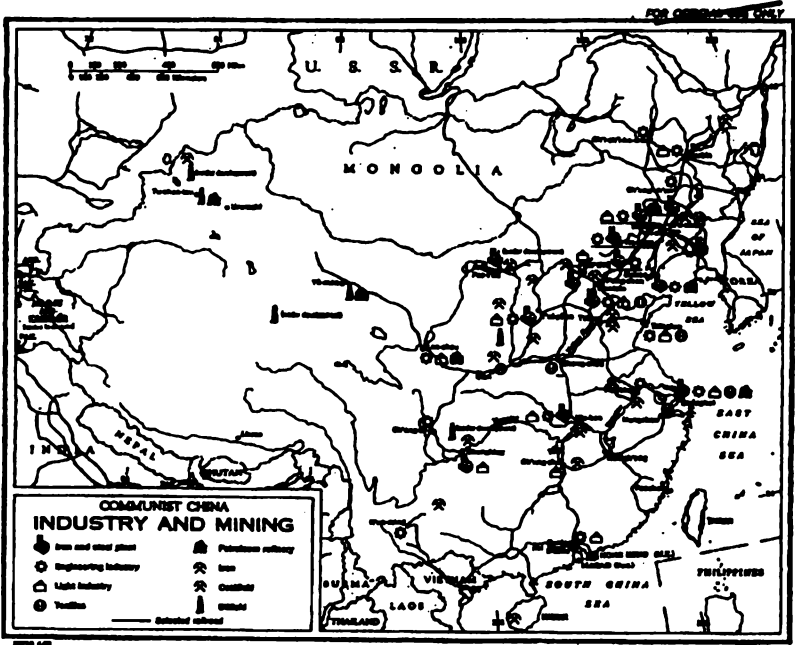
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11 (Continued...)







SECTION 12

SNIE 100-9-58

Probable Developments
in the Taiwan Strait Area

26 August 1958

APPROVED FOR RELEASE
DATE: MAY 2004

SNIE 100-9-58
26 August 1958

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Nº 342

**SPECIAL
NATIONAL INTELLIGENCE ESTIMATE
NUMBER 100-9-58**

**PROBABLE DEVELOPMENTS IN
THE TAIWAN STRAIT AREA**

Submitted by the

DIRECTOR OF CENTRAL INTELLIGENCE

The following intelligence organizations participated in the preparation of this estimate: The Central Intelligence Agency and the intelligence organizations of the Departments of State, the Army, the Navy, the Air Force, and The Joint Staff.

Concurred in by the

INTELLIGENCE ADVISORY COMMITTEE

on 26 August 1958. Concurring were The Director of Intelligence and Research, Department of State; the Assistant Chief of Staff for Intelligence, Department of the Army; the Director of Naval Intelligence; the Assistant Chief of Staff, Intelligence, USAF; and the Deputy Director for Intelligence, The Joint Staff. The Atomic Energy Commission Representative to the IAC and the Assistant Director, Federal Bureau of Investigation, abstained, the subject being outside of their jurisdiction.

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PROBABLE DEVELOPMENTS IN THE TAIWAN STRAIT AREA

THE PROBLEM

To estimate probable developments in the Taiwan Strait area over the next few months, with particular reference to (a) Chinese Communist capabilities, (b) Chinese Communist courses of action, (c) Chinese Nationalist courses of action, and (d) Chinese Communist reactions to Chinese Nationalist and/or US measures to maintain control of the Nationalist-held offshore islands.

CONCLUSIONS

1. We believe that Communist China's principal purpose in stepping up its military pressures in the Taiwan Strait area is to test the intentions of the US and of the Republic of China (GRC) with respect to the offshore islands. Communist China probably expects that the resultant increase in tensions will also increase pressures for its participation in world decisions, arrest any drift toward acceptance of a *de facto* "two Chinas" situation, and, especially if the US should seem reluctant to take strong measures to hold the offshore islands, accelerate the erosion of Nationalist morale. (Paras. 13-18)

2. In view of US commitments to defend Taiwan and our estimate that neither Communist China nor the USSR is willing to risk a major war at present, we believe that Communist China will not attempt to seize Taiwan or the Penghus during the next six months at least. (Para. 19)

3. Although Communist China might risk a sudden assault upon the major offshore islands, we believe it more likely that it will not attempt to do so in the immediate future, because of its fear of possible US intervention. Communist China will probably continue to exert military pressures against the Chin-men (Quemoy) and Matsu groups, seeking to avoid a clear point of military showdown. Depending on US reactions, these pressures could include intensive and sustained artillery harassment of Chin-men (Quemoy), aggressive air and naval action in the Strait area, provocative overflights of Taiwan, seizure of lightly-defended offshore islands, and a serious effort to interdict supply of the Chin-mens and Matsus. If US reactions to these pressures should lead the Chinese Communists to believe that the US would not intervene, they would probably then attempt to seize Chin-men or Matsu, or both. (Paras. 20-24)

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4. If opposed only by Chinese Nationalist forces, the Chinese Communists have the capability to deny the Taiwan Strait to the Chinese Nationalist air force, interdict supply of the offshore islands, or seize these islands. Timely warning might not be available that preparations had been completed for an assault on either the Chin-men or the Matsu groups. (Para. 10)

5. We believe that the Chinese Communists will not be deterred from increasing their military pressures by US moves which stop short of either an explicit guarantee of the offshore islands or the commitment of US air or naval forces at least to the protection of the supply of these islands. However, if the US gave an explicit guarantee or committed its forces to the defense of the major offshore islands, the Chinese Communists would probably not attempt to seize those islands or interdict their supply. (Paras. 32-33)

6. Nevertheless, Communist China's activation of its coastal airfields and aggressive attempts to deny its airspace to overflights are probably here to stay, regardless of Chinese Nationalist and US actions. To a somewhat lesser degree, so are Chinese Communist air sorties and other probing actions in the Taiwan Strait area. (Para. 31)

7. The Chinese Nationalists will probably not resort to unilateral action against the mainland so long as Chinese Communist pressures stop short of a heavy and sustained air or artillery bombardment of the offshore islands, or a determined effort to interdict supply of Chin-men or Matsu. Should the Chinese Communists take such steps, the chances are better than even that the Nationalists would take whatever military action they could against the mainland. They might then bomb mainland targets, even in the face of explicit US objections. (Paras. 28-29)

DISCUSSION¹

I. INTRODUCTION

8. In recent weeks, the Chinese Communists have suddenly stepped up military pressures in the Taiwan Strait area after more than two years of relative quiescence. Following a temporary burst of propaganda during the latter part of July reemphasizing the liberate Taiwan theme, they progressively activated six of the seven jet airfields in the Foochow-

Swatow area which were rushed to completion in 1958 but not made operational until now. At present approximately 200 jet fighters are based on these fields. Several air engagements with Chinese Nationalist aircraft have followed from the increased frequency and strength of Communist air patrols along the coastal area. In the last few days, there have been aggressive Chinese Communist naval actions in the Strait, intensive artillery bombardments of the Chin-men (Quemoy) group, and air action in the immediate vicinity of Chin-men. Chinese Nationalist officials, worried over the possible threat these actions pose to the security and position of the Republic of China (GRC), are seeking additional US commitments.

¹See NIE 100-8-58: "Chinese Communist Capabilities in the Taiwan Strait Area and Probable Courses of Action over the Next Six Months" of 23 May 1958. For data and analysis concerning Communist China's overall military strength, see also NIE 13-58: "Communist China" of 13 May 1958. See also SNIE 100-7-58 (Submitted Classification).

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9. The heightened tension in the Taiwan Strait coincided with the Middle East crisis and the recent meeting in Peking between Khrushchev and Mao and their defense ministers. Furthermore, Communist China's actions in the Strait must be considered against the background of the belligerent tone of its statements during the past year concerning world policy in general. These developments present major questions, discussed below, concerning Chinese Communist intentions, Chinese Nationalist intentions, and the likelihood of expanded hostilities in the Taiwan Strait area.

II. CHINESE COMMUNIST CAPABILITIES²

10. Assuming a situation in which the Nationalists continue to receive US military supplies (possibly in increased amounts), but have the responsibility for the delivery of supplies and reinforcements to the offshore islands and for their actual defense, the Chinese Communists have the following capabilities:

(a) The Chinese Communist Air Force (CCAF) could establish and maintain air superiority over the Nationalist air force in the area of the Taiwan Strait. Through the combined use of artillery, air, and naval forces, the Communists could interdict the supply of Nationalist garrisons on the offshore islands.

(b) The Chinese Communists could seize any of the smaller, lightly-defended offshore islands with the forces they now have in place. An assault on these islands could be launched quickly and probably without prior detection.

(c) The Chinese Communists have had for several years sufficient ground forces in the Foochow area (estimated 48,000) to seize Matsu. Little redeployment of naval forces would be required to support such an assault. A successful assault on Chin-men would probably require a minimum of 200,000 troops. About 80,000 are estimated to be in the Amoy area opposite Chin-men, and additional troops

could be moved in quickly, possibly without detection. Considerable artillery to provide cover for an assault is already emplaced. Little, if any, further aircraft redeployment would be necessary to make possible bombing operations with fighter cover, or jet close support. Sufficient improvised lift could readily be assembled for an assault against either island group. Timely warning might not be available that final preparations for either operation had been completed.

11. The Chinese Communists have the ability to organize, launch, and support logistically a large-scale assault against Taiwan or the Penghus. Before undertaking such an operation, they would have to stockpile additional material in the vicinity of embarkation points, deploy additional troops to East China, and concentrate most of the required troops in the vicinity of the embarkation points. They would have to concentrate the bulk of their naval and amphibious strength in the area between Shanghai and Canton. Activation of additional airfields near the coast would not be necessary. The initial bombing of Taiwan preceding an assault would probably be launched without redeploying bombers. The preparations for a major assault on Taiwan probably could be identified, at least in their later stages. In view of the US commitment to defend Taiwan and the Penghus, we have not attempted an assessment of the outcome of such an assault.

III. PROBABLE CHINESE COMMUNIST INTENTIONS

A. Chinese Communist Motives

12. As part of their basic and continuing objectives, the Chinese Communists seek to eliminate the GRC as a rival and extend their control to Taiwan. Their efforts to accomplish this objective in the past have included military pressures against the offshore islands and psychological pressures directed at Taiwan. To date these efforts have been stymied by US commitments to the GRC — explicit and implicit — which have faced the Chinese Communists with unacceptable risks in the military field and which have served to main-

² See Annex for Chinese Communist and Chinese Nationalist military strengths and capabilities in the Taiwan Strait area.

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tain Nationalist morale and will to resist at a sufficiently high level to limit the impact of Chinese Communist threats and inducements.

13. The Chinese Communists probably have become more impatient and frustrated as the passage of time has failed to visibly advance them toward their goal of ending the existence of the GRC. Over the past two years their tactics have failed to stimulate defection on Taiwan, or to prevent wider international acceptance of a *de facto* "two China" situation. They have also failed to displace the GRC as the representative of China in the UN or to gain the participation of Peiping in world decisions.

14. Thus, the Chinese Communists probably feel that a period of tension in the Taiwan Strait would be useful in reminding the world of Peiping's strength and determination to achieve its objectives. Beyond this, they probably believe that world trends and the passage of time have brought some weakening in Nationalist morale and determination, and they may hope that the US has become less resolved to assist in the defense of the offshore islands. They have probably set out to test these propositions and may view the occupation of the coastal airfields as a significant first step, since the Nationalists had openly threatened in 1956 to retaliate if such a move took place.

15. Broader considerations may also be influencing the Chinese Communists in the present situation. In recent months Chinese Communist leaders and their propaganda have indicated impatience with some of the results of the general Bloc line of peaceful coexistence. The Chinese Communists have argued that the present world balance of power is highly favorable to the Bloc, that the West is a "paper tiger," that the Bloc could destroy the West in nuclear warfare without receiving mortal damage, and that the present world situation is one of "revolutionary opportunity" for the expansion of Bloc influence. We do not suggest that the Chinese Communists are now prepared to push the Bloc into general war or that the Chinese Communists are urging this policy on Moscow. However, we do believe that the Chinese Commu-

nists now rate the risks involved in local wars to be somewhat less than they did immediately prior to the sputnik era. We also believe that they are less sensitive than previously to opinion in the Free World, less concerned to maintain a peaceful pose, and more inclined to seek to gain their ends by reminders of their growing power.

16. A desire to discuss Taiwan Strait problems was probably responsible in part for the recent meeting of Khrushchev and Mao. In addition, Chinese Communist uneasiness regarding Khrushchev's fast footwork toward a summit meeting may also have been a factor. In any event, it is almost certain that both partners felt that the pace of world developments required closer coordination of their policies. Moreover, they probably reached new agreements concerning the nature and extent of future military cooperation, possibly including missiles and nuclear weapons.

17. The USSR probably has no objection to the heightening of tension in the Taiwan Strait; indeed it may consider this development as serving its interests. We believe that the USSR and Communist China are in general agreement on policy in the Taiwan Strait. However, if the Chinese Communists were to adopt courses of action involving substantial risk of a major military clash with US forces, the USSR would almost certainly seek to restrain Peiping.

18. We believe that Peiping will continue for some time to test US and GRC intentions and to maintain an atmosphere of tension. Chinese Communist leaders will not expect to quickly achieve their basic objectives by this course of action. However, they probably expect that a demonstration of their power will serve to undermine Nationalist morale, discredit talk of a "return to the mainland," and make some Nationalists more receptive to psychological pressures and inducements, particularly if the US should fail to give strong support to the Nationalists. Moreover, they probably hope that increased tensions in the Taiwan Strait will generate pressures for international meetings in which Communist China would be an indispensable participant.

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8. Possible Chinese Communist Courses of Action

19. In view of US commitments to defend Taiwan and our estimate that neither Communist China nor the USSR is willing to risk a major war at present, we believe that Communist China will not attempt to seize Taiwan or the Penghus during the next six months at least.

20. The Chinese Communists might assault Chin-men or Matsu, or both, within the near future. They have the capability to seize the islands but are probably deterred because of their fear of possible US intervention. If the Chinese Communists were to attempt to seize these islands, they would probably strive for a quick military victory. This, they would probably estimate, would give the US too short a period for political countermeasures or for effective military intervention by non-nuclear means. The decision to launch such an attack would probably be based on an estimate that the US would not use nuclear weapons in defense of the offshore islands. Moreover, the Chinese Communists probably would estimate that, even if the US employed nuclear weapons, it would do so on a limited scale, and that the adverse international political and psychological consequences of any use of nuclear weapons would seriously damage the position of the US and work to the long-run advantage of Communist China.

21. However, we believe it more likely that the Chinese Communist plan is to apply a broad range of military and psychological pressures, designed so as to avoid a clear point of military showdown. These pressures will be intended to intensify the war of nerves in the Taiwan Strait and to test US intentions with respect to the offshore islands. If the US reaction to these pressures should lead the Chinese Communists to believe that the US would not intervene, they would probably then attempt to seize Chin-men or Matsu, or both.

22. Although the Chinese Communists may temporarily revert to lower levels of military pressures, we believe that they intend to expand their present level of military activity. They could do this by aggressive air action

seeking to deny the Strait area to Nationalist aircraft, by increased naval activity, and by intensive and sustained artillery harassment of the Chin-men island group. In this case, the Communists would probably intercept Nationalist patrols over the Taiwan Strait and conduct air raids on the offshore islands. They might conduct provocative overflights of Taiwan. These operations could result in accidental clashes with US aircraft operating in the area. Such levels of activity could lead to numerous air engagements with the Nationalists which, if continued, would cause serious attrition of the Nationalist air force, and increase considerably the sense of insecurity and uncertainty among Nationalist leaders and armed forces. The Communists might hope that the levels of activity would discourage the Nationalists and perhaps even lead them to evacuate the offshore islands.

23. Concurrent with such increased activity, and as a further step to test US intentions, the Chinese Communists might seize one or more of the lightly-defended offshore islands. This could be done quickly and with little or no prior warning. Such a development would have serious adverse psychological impact on the Nationalists generally, and especially those on the major offshore islands of Chin-men and Matsu. In determining the degree of risk involved, the Chinese Communists might make a distinction between those small islands often considered a part of the Chin-men and Matsu groups, and the more isolated islands.

24. The Chinese Communists might make a serious effort to interdict supply of the major offshore islands. If the Communists took this course of action they would probably estimate that they were running serious risk of US intervention, even though there had been no prior indications of explicit US intentions. The isolation of the offshore islands could be accomplished by a combination of air, artillery, and naval action. Artillery action alone could seriously hamper resupply of Chin-men. However, it would probably take two or three months of intensive effort to interdict supply of the offshore islands to the point where reserve stocks on these islands became criti-

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cally low. In the event that the Chinese Communists had conducted interdiction operations against Chin-men and Matsu over a period of time without encountering a clear indication of US intention to defend these islands, we believe that they would probably then invade them if surrender did not seem imminent. The Nationalists do not have the capability to evacuate their garrisons in the face of Communist opposition.

IV. PROBABLE CHINESE NATIONALIST COURSES OF ACTION

25. Thus far, the Nationalist reaction to increased Communist pressures has been moderate. The Nationalists have reemphasized their determination to hold Chin-men and Matsu. They have challenged some Communist aircraft over the coastal area and have continued their reconnaissance effort. However, they have refrained from bombing the newly activated Communist airfields. They have increased their efforts to secure additional military aid and firmer defense commitments from the US.

26. The Chin-mens and Matsus have immense importance to the GRC. About one third of its combat troops are committed to their defense. These islands are a vital element in the Taiwan early warning system. They are also a symbol of GRC prestige. They sustain the hope of a return to the mainland, and some Nationalist officials may consider them instruments which might be used to embroil the US in war with Communist China. The GRC is probably convinced at present that it must hold Chin-men and Matsu in order to keep alive the hope of a return to the mainland, to prevent a disastrous blow to morale, to preclude any further decline in the prestige and international position of their government, and to assist in the defense of Taiwan.

27. We believe, therefore, that the loss of the offshore islands would under any circumstances have a severe effect on Nationalist morale. The impact of such a loss would be of the greatest severity if the US withheld its support and the Chinese Nationalist troops stationed on the islands were defeated by a Chinese Communist assault. The impact of

the loss would be of less severity if the troops were evacuated with US assistance. In any case, the Nationalist government, if it is to survive, would require new and convincing demonstrations that the US was still determined to protect Taiwan and to preserve the GRC's international position.

28. The major courses of action open to the Nationalists, without US participation, are very limited. The most important would be to launch air attacks against mainland targets. In view of Taiwan's vulnerability to retaliation, and in the absence of US approval, the Nationalist leaders probably will not resort to this course of action so long as Communist military pressures stop short of a heavy and sustained air or artillery bombardment of the offshore islands or of a determined effort to interdict supply of Chin-men or Matsu.

29. However, should the Chinese Communists take such steps, we believe that the chances are better than even that the Nationalist leaders would take whatever military action they could against the mainland. They might bomb the mainland even in the face of explicit US objections, with the expectation that the resulting situation would force the US to intervene.

V. PROBABLE CHINESE COMMUNIST REACTIONS TO CHINESE NATIONALIST AND/OR US MEASURES TO MAINTAIN CONTROL OF THE OFFSHORE ISLANDS

30. The Chinese Communists probably hope that their military initiative in the Taiwan Strait can be conducted in such a way as to put the onus of aggressor on the US or the GRC for any counteraction they take. Communist China's leaders probably estimate that while their increased pressures will cause some world sympathy to develop for the plight of the beleaguered offshore islands, the predominant world reaction will be fear of war and a desire that the US take steps to lessen tensions and end a threat to peace. Peiping and Moscow probably conclude that any additional moves by the US to maintain Nationalist control of the offshore islands will tend to isolate the US diplomatically on this issue. Thus it should be anticipated that Bloc diplo-

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macy and propaganda will seek international political gains from any such US moves; the greater the US commitment, the more vigorous the Communist political effort.

31. Communist China's activation of its coastal airfields and aggressive attempts to deny its air space to overflights are probably here to stay, regardless of Chinese Nationalist and US actions. To a somewhat lesser degree, so are Chinese Communist air sorties and other probing actions in the Taiwan Strait area. Thus, even though certain US/GRC reactions may cause the Chinese Communists to refrain from attempting to seize the offshore islands or interdict their supply, some Communist pressure will continue.

32. The Chinese Communists will probably not be deterred from increasing military pressures against the Nationalists by US moves which stop short of either an explicit guarantee of the offshore islands or the active commitment of US air or naval forces to protection of the supply of these islands. Although the Chinese Communists might become a lit-

tle more cautious, we do not believe that they would abandon their program of pressures as a result of lesser measures such as the more frequent appearance of US ships and aircraft in the area, the provision of improved weapons to the GRC, or the issuing of warnings in general terms to the Chinese Communists.

33. However, the Chinese Communists would probably not attempt to seize the major offshore islands or interdict their supply in the face of an explicit US guarantee or the active participation of US naval and air forces in the protection of these islands or their supply. We still think that the Chinese Communists wish to avoid large-scale clashes with US forces. Moreover, Moscow would probably be urging restraint on the Chinese Communists at this point. Nevertheless, there would be considerable risk of occasional clashes between US and Chinese Communist ships and aircraft. The possibility should not be excluded that such clashes might be invited in order to create an incident which could be brought before the UN or some other international forum.

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ANNEX

CHINESE COMMUNIST AND CHINESE NATIONALIST MILITARY STRENGTHS
AND CAPABILITIES IN THE TAIWAN STRAIT AREA

I. Chinese Communist Ground Forces

1. The Chinese Communists have an estimated 894,000 ground troops organized into 12 armies and supporting units in the Nan-king, Foochow, and Canton military districts. Of these armies, all of which are probably first class units, three are stationed in the immediate Taiwan Strait area in the vicinity of Swatow, Amoy, and Foochow. The estimated strength of these armies is 46,000 each. Within the Foochow Military Region there are 11 combat divisions with a total strength of 107,300. In addition, there are 20 combat divisions in Nan-king Military Region with a strength of 244,700 and 16 combat divisions in Canton Military Region with a strength of 223,000. We have no confirmed reports that additional units are being moved to the coastal areas. However, such troop movements could take place rapidly and possibly without detection.

2. The reorganization of the Chinese Communist Army, which has occurred since 1954, has given them a more balanced force which is better able to carry out a coordinated amphibious assault. In any amphibious assault against the offshore islands it is believed that the Chinese Communists would be capable of attaining at least a three to one numerical superiority, although they would not necessarily employ all such forces. The actual numerical size of the assault force would, of course, depend upon the particular objective attacked. The Communists would probably employ no more than a reinforced regiment against a lightly defended island such as Kao-teng (700 men). They would undoubtedly amass 200,000 men for an attack on Chin-men (Quemoy). Such forces would be capable of successful assault operations provided the Communists also had air and naval superiority in the area.

3. The Communists are estimated to have over 400 field artillery pieces in the Chin-men area, including at least 36 152-mm howitzers and/or gun/howitzers and 120 122-mm guns and/or howitzers. These weapons can completely cover Chin-men Island from positions around Amoy Harbor. Effective interdiction, however, is restricted by the extreme range and the limited number of pieces that can reach all targets on the island. Moreover, the Communists probably could not interdict resupply operations without effective aerial observation.

4. There are an estimated 184 Chinese Communist field artillery pieces in the Matsu area including 24 122-mm guns and/or howitzers. The relatively small number of Communist pieces that can reach the Matsu Islands limits the effectiveness of interdiction in this area.

II. Chinese Nationalist Ground Forces

5. Nearly a fourth of Nationalist China's 450,000-man Army (one third of its combat strength) is deployed on the offshore islands—86,000 on the Chin-men group and 23,000 on the Matsu group. Of the remainder 16,000 are on the Penghus (Pescadores) and 331,000 on Taiwan itself.

6. The defensive position of Nationalist forces is good. Mines have been laid in the waters off Chin-men. Beaches on both island groups are protected by multiple belts of barbed wire and concrete and steel hedge-hogs and by land mine fields. Dug in positions along and behind the beaches are mutually supporting. Both island groups probably have 30 days of all supplies except ammunition. There is probably a 40-day stock of ammunition on the Chin-mens and a 50-day stock on the Matsus. Moreover, the state of training and morale of Nationalist forces on the offshore

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islands is good. They possess the will to fight, and in the event of attack will undoubtedly receive the strongest support from Taiwan which the GRC is capable of giving.

7. There are serious weaknesses in the Nationalist position, however. On Chin-men, defensive positions are concentrated in a crust along the beaches; the interior of the island is only lightly held. The southeast portion of the island is relatively weakly defended, and the excellent beach in that area is used for off-loading supplies. Nationalist forces are out-gunned by the Communists' 393 field artillery pieces (estimated — based on TO&E) 210 of which can be positioned to cover part or all of the area of the Chin-men group. The Nationalists have only 308 artillery pieces. On the Matsu Island group, also, the Nationalists are out-gunned. As shown above, the Communists have an estimated (based on TO&E) 184 field artillery pieces, 68 of which can reach Kaoteng and Peikan. In addition, there are an unknown quantity of artillery pieces capable of firing on Nankan. Of the Nationalists' 80 artillery pieces, only 8 155-mm guns can reach Communist positions. With the islands of the Matsu group separated by from three to eight miles, Nationalist positions on one island cannot be supported from another. For these reasons, and because of the proximity of the islands to the mainland, the Nationalists, without air and naval superiority, could not hold them for more than a few days against a determined Communist assault.

8. Chinese Nationalist strength figures on the offshore islands occupied by regular Nationalist forces are as follows:

- (1) Chin-mens
 - a. Chin-men — 74,100
 - b. Little Chin-men — 10,450
 - c. Ta-tan — 1,300
 - d. Erh-tan — 350
- (2) Matsus
 - a. Nankan — 11,500
 - b. Peikan — 5,000
 - c. Kaoteng — 700
 - d. Tungchuan — 2,300
 - e. Haichuan — 3,300

III. Chinese Communist Navy

9. The personnel strength of the Chinese Communist Navy totals 88,000, including 8,000 in naval aviation. Its operational units include the following:

Destroyers (DD)	4
Submarines: *	
Short range	4
Medium range	4
Long range	10
Escort Vessels (DE)	4
Patrol Vessels	240
Includes:	
Patrol Escort (PF)	16
Sub-Chaser (PC)	28
Motor Torpedo Boat (PT)	120
Mine Vessels	31
Includes:	
Fleet Minesweeper (MSP)	4
Landing Ships	53
Service Craft (approx)	300

* Submarine strength is being increased by new construction at the rate of 4 per year.

10. The naval air arm includes 490 combat aircraft.

11. The navy has growing capabilities for medium, short and long range submarine operations and for surface activity in coastal waters. It has an extensive capability for both offensive and defensive mining operations. Coupled with Communist air power, the navy has a significant capability against Chinese Nationalist forces in coastal waters.

12. With aerial support in the Taiwan Strait, the navy has the capability for operations in the Matsu and Chin-men areas. We believe that with a southward deployment of units currently assigned to the Yellow Sea Fleet, it could effectively interdict the supply lines to the offshore islands.

13. In an amphibious assault against Chin-men or Matsu it is unlikely that larger amphibious units (LST, LSM) would be employed due to the extremely adverse beaching conditions. The Communists have the capability, however, of launching a strong assault employing lesser amphibious units (LCU, LCM) and such non-naval craft as might be required. Naval combat units (DL, Gun Boats, etc.) would probably be employed off the seaward side of Chin-men. The deep, less re-

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stricted waters off Matsu would permit a freer employment of such combat units in support of an assault particularly after the heavier Nationalist shore batteries were reduced.

14. In an amphibious operation against the Penghus and Taiwan with relatively unrestricted waters and more extensive beaches, all available strength afloat could be employed. Using available amphibious shipping, including merchant landing ship types, a balanced force of approximately three rifle divisions could be lifted in such an assault.

IV. Chinese Nationalist Navy

15. The personnel strength of the Nationalist Navy (GRCN) totals 58,000 including 25,400 marines. The navy, scheduled to be augmented by 1 DD and 2 LST within the next year, consists of the following:

Destroyer (DD)	4
Escort Vessel (DE)	5
Patrol Escort (PF)	7
Escort (PCE)	2
Sub-chaser (PCO)	16
Motor Gunboat (PGM)	2
Motor Torpedo Boat	6
<u>Mine Vessels</u>	
Minelayer Coastal (MMC)	2
Fleet Minesweeper (MSF)	5
Coastal Minesweeper (MSC)	2
<u>Miscellaneous</u>	
Amphibious Vessels	39
Aux. and Service Craft	71

16. The general state of training is good. Logistical support of the offshore islands is adequate for present requirements. Over-all combat effectiveness has continued to improve, with operational availability on the increase due to improvements in maintenance and supply, overhaul and improved operating procedures.

17. The navy is primarily a defensive force with limited capabilities. It can conduct limited ASW and mine warfare. It can provide lift for amphibious counterlandings on the offshore islands in strength up to one division. However, the GRCN would be unable to oppose successfully the relatively large force of Chinese Communist PT boats and submarines, which is capable of operating in the Taiwan Strait. Lack of cooperative air sup-

port by the Nationalist air force has hampered the navy in operations requiring such support. In the light of Chinese Communist air strength in the Taiwan Strait, this deficiency could become critical.

18. The Marine Corps with a personnel strength of 25,400 has the men, equipment and skill to make it capable of executing modern amphibious operations. The Marine Corps continues to have the capability of planning and executing an amphibious operation at division or brigade level against light to moderate resistance providing adequate naval and air support is available.

V. Chinese Communist Air Force (CCAF) and Naval Air Force (CNAF)

19. Communist China's air forces comprise a strong, modern tactical force. Their equipment, training and deployment are oriented toward air defense and tactical support operations. They have a nucleus of battle experienced fighter pilots who gained experience against US air tactics in the Korean War.

20. Chinese Communist air defense is organized around a good early warning system, with a good ground control intercept capability in daylight and clear air. The CCAF night and bad weather intercept capability is limited somewhat by a shortage of electronic airborne intercept equipment and a poor height finding capability at higher altitudes. In the coastal area between Hong Kong and Shanghai, their ground controlled intercept capability probably would be good.

21. The combined Chinese Communist air forces include 2,480 jet aircraft of which 1,785 are fighters and 450 are high bombers. In the coastal area opposite Taiwan, there are seven airfields that could sustain jet operations. Of these, six are presently operational and the other could quickly become operational. There are no bomber aircraft operating from airfields directly opposite Taiwan. However, Taiwan is well within range of Chinese Communist jet light bombers stationed at airfields outside the immediate area. The redeployment of some piston and light bomber forces to rear areas directly behind the coastal airfields is expected.

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22. There can be little doubt that the vastly outnumbered Chinese Nationalist Airforce would be quickly overcome by Chinese Communist air power in any decisive contest, unless the Nationalist forces were supported by US air power.

CCAF — CNAF
(Total Inventory)

Jet Fighter	1,785
Piston Fighter	375
Jet Light Bomber	450
Piston Tactical Attack	605
Land Based ASW	30
Piston Medium Bomber	30
Piston Transport	290
Other Jet	225
Other Piston	510
Total	4,260

VI. Chinese Nationalist Air Force

A. CURRENT STRENGTH

23. The Chinese Nationalist Air Force (CAF), a separate service on a par with the other Nationalist Chinese military services, is the strongest indigenous non-Communist air force in Asia.

CAF
(Total Inventory)

Jet Fighter	450
Jet Light Bomber	1
Piston Tactical Attack	9
Land Based ASW	10
Piston Transport	143
Other Jet	46
Other Piston	197
Total	836

24. The CAF has an inventory of over 800 aircraft, of which almost two-thirds are in operational units; of these aircraft, an excess of 450 combat type permits fully equipped combat units. Personnel strength totals nearly 88,000 and includes almost 1,300 trained pilots (there are, in addition, almost 800 trained pilots occupying command and staff positions not requiring frequent flying); an additional 250 pilots are in training.

B. CURRENT CAPABILITIES

25. The principal tactical capability of the CAF at present is photo reconnaissance within a 750-mile range of Taiwan, and limited night reconnaissance up to a 1,000-mile range. Missions are currently regularly flown over the Communist Chinese mainland by the RB-57 and RF-84F aircraft (and occasionally by RF-96F's) of the CAF's two tactical reconnaissance squadrons.

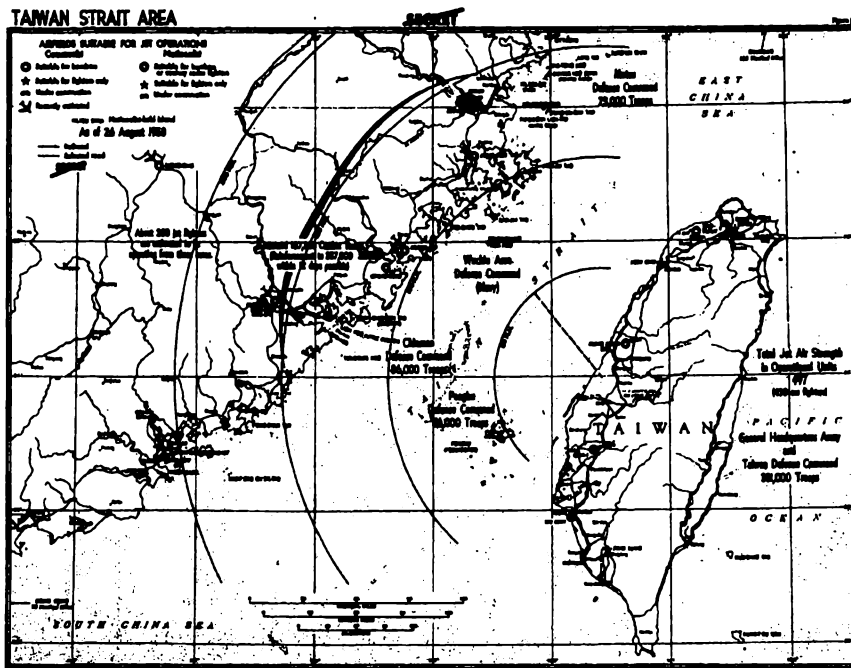
26. A fairly good organization for the control and functioning of air-ground support, modeled after that of the USAF, has recently been activated. Considerable practice will be required to insure technical effectiveness of this system and its components.

27. Despite the existence of a well organized early warning/ground controlled intercept system and 6 F-86F squadrons with day fighter capability, the CAF could be expected to offer only delaying action against an air assault by Communist China. This defense would be limited to daylight hours and would be of short duration, pending the arrival of USAF support.

28. The CAF has no strategic air capability nor are any aircraft programmed through MAP that would provide a capability. The CAF would be capable of giving limited support to amphibious landings or to defense against such landings, as well as harassing hostile shipping within the Taiwan Strait. The capability of the 33d Bomb Squadron (10 P4Y-2's) is limited to patrol activities over the Taiwan Strait.

29. The air transport capability of the CAF has been enhanced considerably over the last two years. Airdrop techniques have improved with the training derived in joint operations and in pamphlet and food airdrops in South China. The two air transport groups — one specializing in air transport and the other in troop carrier operations — are capable of performing rear area air supply, supporting initial amphibious operations limited with airdrops and paratroop operations, and assisting in psychological warfare operations through food and pamphlet drops on the Chinese mainland.

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SECTION 13

SNIE 100-11-58

Probable Chinese Communist
and Soviet Intentions in the
Taiwan Strait Area

16 September 1958

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13 SEP 1958

SPECIAL
NATIONAL INTELLIGENCE ESTIMATE
NUMBER 100-11-58
(Supplements SNIE 100-9-58)

PROBABLE CHINESE COMMUNIST
AND SOVIET INTENTIONS IN THE
TAIWAN STRAIT AREA

Submitted by the

DIRECTOR OF CENTRAL INTELLIGENCE

The following intelligence organizations participated in the preparation of this estimate: The Central Intelligence Agency and the intelligence organizations of the Departments of State, the Army, the Navy, the Air Force, and The Joint Staff.

Concurred in by the

UNITED STATES INTELLIGENCE BOARD

on 16 September 1958. Concurring were The Director of Intelligence and Research, Department of State; the Assistant Chief of Staff for Intelligence, Department of the Army; the Director of Naval Intelligence; the Assistant Chief of Staff, Intelligence, USAF; the Deputy Director for Intelligence, The Joint Staff; the assistant to the Secretary of Defense, Special Operations; and the Director of the National Security Agency. The Atomic Energy Commission Representative to the USIB and the Assistant Director, Federal Bureau of Investigation, abstained, the subject being outside of their jurisdiction.

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PROBABLE CHINESE COMMUNIST AND SOVIET INTENTIONS IN THE TAIWAN STRAIT AREA¹

THE PROBLEM

To reassess the probable intentions of Communist China and the Soviet Union with respect to the Taiwan Strait area in the light of the most recent evidence.

THE ESTIMATE

I. COMMUNIST CHINA

1. We believe that the most likely Chinese Communist course of action in the immediate future is to continue military harassment and interdiction of supply of Chinmen. The Chinese Communists probably expect this course to make the island untenable, and thereby to put the next move up to the US. The US has a limited range of choices: it can allow the island to fall by attrition; it can assist the Chinese Nationalists to withdraw from the island; it can agree to Chinese Nationalist attacks on the mainland; it can undertake to maintain resupply of Chinmen by all-American convoys; or it can itself take the military action necessary to assure resupply of the island by the Chinese Nationalists. Any of the latter three courses of action eventually would probably involve US attacks on the mainland, and the US could be charged before world opinion with expanding the scope of armed conflict.

2. In pursuing this course, it is likely that the Chinese Communists are willing to take actions involving considerable risk of major armed conflict with the US. If US ships move close in-shore in the course of escorting Na-

tionalist supply convoys, the Communists will probably not desist from their artillery barrages against unloading operations. If the US attempts to prevent by force the interdiction of supply, US forces so engaged will almost certainly be attacked within the limits of Chinese Communist capabilities. If the US were to announce that it would resupply Chinmen with all-American convoys (supported by appropriate combat strength ready to defend against attack) we believe that the Chinese Communists would probably attack the US force, although there is a chance that they would not. In any event, the Communists will demand that world opinion condemn US aggression and force a political settlement favorable to Communist China.

3. In addition to the continued interdiction of Chinmen, the Chinese Communists might seize, with little or no warning, one or more of the smaller offshore islands. This would be calculated to fall outside the scope of any US commitments to GRC defense and would serve further the Communist objective of eroding the Nationalist position. The effect would be further calculated as not prejudicing the Chinese Communist position of negotiation, but, rather, as increasing the international sense of urgency for a peaceful settlement and, at the same time, placing added political pressure on the US.

¹ This estimate supplements SNIE 100-9-58: "Probable Developments in the Taiwan Strait Area," 28 August 1958.

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4. The Chinese Communists may not maintain a continuous interdiction of supply of the islands. It may be that they will let occasional convoys go through, and will thereby seek to prolong the present crisis rather than bring it to the earliest issue. Such action might be related to the ambassadorial talks in Warsaw, or to moves in the General Assembly of the UN. But we believe that such interruptions in the Chinese Communist interdiction would be only a temporary measure.

5. Another Chinese Communist course of action, though we consider it unlikely, is that the Chinese Communists will gradually call off the interdiction of the Chinmens. If they did so, it would be because they had decided, or had been persuaded by the Soviets, that the dangers inherent in maintaining interdiction were too great, and that another opportunity should be awaited at some future date.

6. Finally we consider it possible, though unlikely, that the Chinese Communists will assault one or more of the major offshore islands. We consider this unlikely because, in their view, (a) it would be almost certain to involve them in major hostilities with the US, (b) it would diminish the political and propaganda advantage they now have, and (c) it would probably be unnecessary because they could get the islands by other means.

II. USSR

7. The Soviet perspective on the Taiwan Strait situation is almost certainly based upon substantial knowledge of Chinese Communist plans and intentions. It is probable that the Soviet leaders, at least since the Mao-Khrushchev talks, have not only been informed but have also generally concurred in Chinese Communist actions in the Strait area. The Soviet public commitment to support the Chinese Communists, accompanied since August 31 by a rising volume of propaganda, is in part intended to deter the US. Moreover, we believe that this commitment was almost certainly made on the basis of calculations that activities in the Taiwan Strait area would fall short of provoking US intervention on such a scale as to call for overt Soviet military participation.

8. The Soviet leaders cannot be greatly concerned with the fate of the offshore islands, and, having less directly-at stake than the Chinese Communists, may be inclined to favor a more conservative course. Their principal objectives are political—to discredit the US, to comply with the wishes of their Chinese ally, and to enhance the power and prestige of the Sino-Soviet Bloc. They believe that the opportunity to put the US in the dock under accusations of jeopardizing peace should be utilized to the maximum, and that support for the US would be far less than it was in the Middle East crisis. They also believe that if the US backs down from its position on the offshore islands or acts in defiance of world opinion, they will have inflicted a serious political defeat on the US.

9. While the Soviets probably do not wish to see the scale of hostilities expanded and the risk of their involvement magnified, they will be aware that the US may be led by Chinese Communist actions to engage Chinese Communist forces. If such hostilities are initiated, but limited to conventional weapons and confined to the mainland area adjacent to the Taiwan Strait, the Soviets would probably consider that the Chinese Communists did not require direct military assistance and would provide moral, political, and material assistance. Thus, they would almost certainly not intervene militarily, at least in an overt manner risking a direct confrontation of Soviet and US forces.

10. If hostilities continued for long, or particularly if they were expanded in area and scale, at some point the Soviets would probably feel that they would have to go further in support of Communist China. With respect to Soviet reactions to the US use of nuclear weapons, much would depend upon the scale of the US attacks, the extent of territory over which they would be delivered, and the entire context of events. The Soviets might conclude that more could be gained at less cost and risk by exercising military restraint and leading a political campaign to condemn the US before world opinion. They would have many supporters. On the other hand,

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the Soviets might conclude that such a challenge could not be passed by without nuclear retaliation. Particularly if the US extended the area of nuclear attack for a considerable distance into mainland China, there would be a better than even chance that the Soviets would provide the Chinese Communists with capabilities for nuclear retaliation under Soviet control. And, at some point high on a scale of increasing damage and danger to the Chinese regime, the Soviets might directly attack US forces engaged in China, including the bases from which such forces were operating, in the face of the attendant risk of general war.

III. THE PROSPECT FOR NEGOTIATIONS

11. In each of the contingencies discussed above the USSR will make every effort to exploit the situation politically and at the same time to prevent the spread of hostilities. The Chinese Communists are now engaged in discussions with the US on the Taiwan Strait question in the ambassadorial talks. However, they probably hope that world opinion and the continuing military threat to China will force the US to agree to higher-level discussions, such as a bilateral foreign ministers conference or a multilateral conference, possibly even at the summit level. They may fear that an attempt at a solution in the UN would solidify opinion in favor of an acceptance of "two Chinas." However, both Moscow and Peking apparently deem it advan-

tageous to raise the issue in the General Assembly, either to forestall a US initiative or in hopes of furthering their aims of pillorying and isolating the US.

12. Regardless of the forum, it is clear that the Chinese Communists are in no mood for any negotiated settlement which would restore the *status quo ante*. They will oppose any proposal that smacks of "two Chinas," that commits them to accepting the principle that they have no right to "liberate" the territory held by the GRC, or that grants the US a right to individual or collective self-defense in the Taiwan Strait area. While it is possible that they would permit a temporary cease-fire to develop during the negotiations in order to enhance their propaganda posture, they would be unwilling to commit themselves to an indefinite cease-fire. They would refuse any proposal which seemed to tie their hands more than those of the GRC. They might accept some type of "neutralization" of the offshore islands as an interim move, hoping that the negative effect on GRC morale would be greater than the restriction on Communist activities. However, they almost certainly would not regard this as a permanent solution. Sino-Soviet insistence upon a resolution of the entire Taiwan problem favorable to Communist China will remain strong, and it is likely that they will continue to take a considerable risk in utilizing military pressure as a means of undermining the strength and determination of the Chinese Nationalists.

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SECTION 14

SNIE 100-12-58

Probable Developments in the
Taiwan Strait Crisis

28 October 1958

SNIE 100-12-58
28 October 1958

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Nº 340

SPECIAL
NATIONAL INTELLIGENCE ESTIMATE
NUMBER 100-12-58

**PROBABLE DEVELOPMENTS IN
THE TAIWAN STRAIT CRISIS**

Submitted by the
DIRECTOR OF CENTRAL INTELLIGENCE

The following intelligence organizations participated in the preparation of this estimate: The Central Intelligence Agency and the intelligence organizations of the Departments of State, the Army, the Navy, the Air Force, and The Joint Staff.

Concurred in by the
UNITED STATES INTELLIGENCE BOARD

on 28 October 1958. Concurring were The Director of Intelligence and Research, Department of State; the Assistant Chief of Staff for Intelligence, Department of the Army; the Director of Naval Intelligence; the Assistant Chief of Staff, Intelligence, USAF; the Director for Intelligence, The Joint Staff; the Assistant to the Secretary of Defense, Special Operations; and the Director of the National Security Agency. The Atomic Energy Commission Representative to the USIB and the Assistant Director, Federal Bureau of Investigation, abstained, the subject being outside of their jurisdiction.

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PROBABLE DEVELOPMENTS IN THE TAIWAN STRAIT CRISIS

THE PROBLEM

To estimate probable Chinese Communist courses of action with respect to the crisis which has existed in the Taiwan Strait since August; and probable Chinese Communist, Chinese Nationalist, and non-Communist East Asian reactions to various possible developments in the Taiwan Strait area.

THE ESTIMATE

I. THE CHINESE COMMUNISTS AND THE TAIWAN STRAIT CRISIS

A. Chinese Communist Objectives and Motives in Initiating the Crisis

1. In initiating the present crisis, Communist China has shown greater boldness in probing US intentions in the Taiwan Strait than at any time heretofore. This shift in tactics has taken place against a background of generally increased Chinese Communist assertiveness and confidence since the advent of Sputnik. In general, however, we believe that the shift in tactics in the Taiwan area does not portend any basic change in the over-all conduct of Chinese Communist foreign policy as described in NIE 12-58 (16 May 1958).¹

2. The Chinese Communists regard continued GRC control of the offshore islands as an

affront to their national prestige and dignity. They may still regard the GRC position on the offshore islands, backed as it is by the US, as a military threat. However, we do not believe that the Chinese Communists initiated the present crisis with the firm intention of obtaining the offshore islands regardless of GRC, US, and world reactions. Such recent actions in the present crisis as the failure to use the CCAF for offensive action, the less than maximum possible artillery effort, the emphasis on the undermining of Chinese Nationalist morale, and the cessation of the bombardment between 6 and 20 October almost certainly indicate that Peking's leaders are using military power primarily as a political weapon, and that they are not committed to the immediate capture of the islands at all costs.

¹ NIE 12-58 (16 May 1958) held that: the Chinese Communists view the present world position of the Bloc with considerable confidence; they feel the trend in Asia to be running against the West; they are not impatient to achieve their goals; they are directing their energies toward the intermediate objective of weakening the position and influence of the US in Asia; the principal thrust of their policy will continue to be reasonableness and peaceful coexistence, though they will display more assertiveness; they are concerned about the growth of "two Chinas" senti-

ment; they will probably not resort to overt military aggression which they believe would involve them in military action with the US; they will continue their efforts to undermine Nationalist will; and "the possibility cannot be excluded that the Chinese Communists will adopt a more aggressive policy toward the Offshore Islands, in part because of intense irritation and a sense of affront, in part to emphasize their determination to destroy the Nationalist Government, and in part to test US intentions in the Taiwan area."

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3. Nor do we believe that the Chinese Communists viewed the acquisition of the offshore islands as their fundamental objective. Their primary purpose in increasing military and political pressure in the Taiwan Strait area was undoubtedly to further their ultimate goal of eliminating the GRC and bringing about the withdrawal of US forces from the Taiwan area. They probably believed that their action would serve this purpose: (a) by probing US determination to support the GRC; (b) by driving a wedge between the US and the GRC; (c) by discrediting the GRC and the US before world opinion; (d) by reminding the world that Communist China must be reckoned with; (e) by preventing a drift toward wider acceptance of a *de facto* "two Chinas" situation; and (f) by straining Nationalist morale. Although domestic considerations probably played some part in the timing of the Chinese Communist initial attack, we believe that these considerations were of secondary importance in the reaching of the decision to initiate the attack.

4. Available evidence, albeit inconclusive, indicates that the USSR did not initiate the crisis by encouraging the Chinese Communists to their actions. However, the Soviets clearly acquiesced in it and have supported it, almost certainly in the belief that it would not lead to large-scale hostilities between Communist China and the US. There is no evidence as to what role the USSR played, if any, in the temporary suspension of shelling.

B. Present Chinese Communist Intentions

5. Whatever the expectations of the Chinese Communist leaders in July and August, they have probably become convinced that the US itself would fight rather than permit the offshore islands to fall in the face of direct military pressure. In these circumstances, the Chinese Communists, apparently unwilling to risk resort to those increased military measures which would be necessary to effect a complete interdiction of the islands, probably estimate that they can best pursue their objectives at the moment by emphasizing the political aspect of their effort, while main-

taining a measure of military pressure. They probably retain considerable confidence that a course of shelling and intermittent "truces" will still serve to aggravate US-GRC relations, erode Nationalist morale, and exert world and domestic pressures on the US to effect a withdrawal of Nationalist troops from the offshore islands, as a step towards Communist China's aim of eliminating the GRC.

6. The Chinese Communists almost certainly consider that their position is a strong one and that there is little compulsion on them to make concessions. They probably intend to maintain in the Warsaw talks that the only issue negotiable with the US is a withdrawal of US forces from the Taiwan area, insisting that the question of the offshore islands and Taiwan is a purely Chinese affair. However, they probably view a continuation of these talks as desirable in order to give the world the impression that they are willing to negotiate, to forestall UN or other international consideration of the crisis, to arouse doubts in the GRC's mind regarding US policy, and to reap whatever prestige benefits result from direct talks with the US. At the same time, they will probably continue to offer to negotiate with the GRC, suggesting to the Nationalists openly and through covert contacts that they had better make a deal soon before the US abandons them. They will almost certainly prefer such negotiating channels to any discussion of the crisis in the UN or in any other international forum, since this would probably involve resolutions which would not fully endorse Peiping's position and which might have "two Chinas" connotations.

7. Peiping's negotiating position is limited by its concern that acceptance of any concessions might prejudice its claim to Taiwan and the offshore islands. It may hope that the US will exert pressure on the GRC to withdraw from the offshore islands, calculating that such pressure will exacerbate US-GRC relations. However, the Chinese Communists would not accept such a withdrawal as a permanent solution to the Taiwan problem, although they may suggest that if they were given the offshore islands and if the US were

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to withdraw its forces from the Taiwan area, they would not use force against Taiwan for a certain period. They certainly do not view a *de facto* neutralization or a reduction of the Nationalist garrisons as acceptable solutions, and it is most unlikely that they would respond to such proposals by offering any concessions. Certainly they would not agree to such reciprocal measures as a demilitarization of the coastal area opposite the offshore islands.

8. The specific actions which Communist China will pursue within the limits indicated above—refraining from both extreme risks and major concessions—are difficult to estimate. Chinese Communist tactics will depend in large measure on Soviet attitudes and on Nationalist and particularly US actions. The Chinese Communists will probably move up new and improved aircraft and other weapons into the immediate coastal areas, but we believe that they will continue to refrain from launching a direct assault to capture the major offshore islands as long as they believe that this would involve them in hostilities with the US. Nevertheless, this does not rule out, especially in the event that their present tactics fail to advance their cause, the resumption of serious interdiction efforts and more aggressive employment of air and naval units in the Taiwan Strait. Although the Chinese Communists probably now believe that the US would fight rather than permit the islands to fall in the face of direct military pressure, they probably also believe that the US would exercise considerable restraint short of a direct and flagrant Chinese Communist challenge. Consequently, they probably believe that it would be safe again to create a high degree of military tension in the Strait area. In such a situation there would always remain a serious chance of miscalculation, from which hostilities could develop between US and Chinese Communist forces.

9. On balance, we feel that for the near future the chances favor a prolongation of the present situation of no maximum interdiction effort, no serious negotiation, no solution. Assuming the Nationalists remain on the offshore islands, the Chinese Communists will

probably maintain an atmosphere of crisis and tension in the Taiwan Strait for some time to come. In any event, they will not give up their efforts to split the US and the GRC, to cause the collapse of the GRC, and to undermine US prestige in Asia.

10. We do not anticipate that the Chinese Communists will take overt military action against other Far Eastern countries during the near future. In the event that the offshore islands were lost by the Chinese Nationalists, we would foresee heightened Communist pressures against other areas of Asia.

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SECTION 15

SNIE 100-4-59

Chinese Communist
Intentions and Probable Courses of
Action in the Taiwan Strait Area

13 March 1959

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**SPECIAL
NATIONAL INTELLIGENCE ESTIMATE
NUMBER 100-4-59**

**CHINESE COMMUNIST INTENTIONS AND
PROBABLE COURSES OF ACTION IN
THE TAIWAN STRAIT AREA**

Submitted by the
DIRECTOR OF CENTRAL INTELLIGENCE

The following intelligence organizations participated in the preparation of this estimate: The Central Intelligence Agency and the intelligence organizations of the Departments of State, the Army, the Navy, the Air Force, and The Joint Staff.

Concurred in by the
UNITED STATES INTELLIGENCE BOARD

on 13 March 1959. Concurring were The Director of Intelligence and Research, Department of State; the Assistant Chief of Staff for Intelligence, Department of the Army; the Assistant Chief of Naval Operations for Intelligence, Department of the Navy; the Assistant Chief of Staff, Intelligence, USAF; the Director for Intelligence, The Joint Staff; the Assistant to the Secretary of Defense, Special Operations; and the Director of the National Security Agency. The Atomic Energy Commission Representative to the USIB and the Assistant Director, Federal Bureau of Investigation, abstained, the subject being outside of their jurisdiction.

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CHINESE COMMUNIST INTENTIONS AND PROBABLE COURSES OF ACTION IN THE TAIWAN STRAIT AREA

THE PROBLEM

To assess Communist China's capabilities, intentions, and probable courses of action with respect to the Taiwan Strait area over the next year.

CONCLUSIONS

1. We believe that Communist China broke off the Taiwan Strait crisis last October primarily because it believed that to increase military pressures to the point necessary for a successful interdiction effort against Chinmen carried unacceptable risk of hostilities with the US. Furthermore, relations between the US and the Government of the Republic of China (GRC) had not been impaired, Nationalist morale remained high, and the tensions created by Peiping's actions were proving damaging to Communist China's international prestige. Peiping was also concerned over moves by some Asian countries toward compromise proposals it considered unacceptable. (Paras. 15-18)

2. There has actually been little change since last October in the military picture in the Taiwan Strait area. The Chinese Communists do not have the capability to prevent resupply of the Matsus or Big and Little Chinmen by artillery fire alone. They could at any time create considerably greater havoc on the Chinmen group than they did during the previous crisis should they choose to exercise their full

artillery capability. Moreover, by supplementing artillery bombardment with attacks by aircraft and motor torpedo boats, possibly along with offensive mine-warfare, they could make resupply and reinforcement of the Chinmen and Matsus garriisons virtually impossible unless US air and naval forces were committed to keeping the supply lines open. The Chinese Communist forces remain capable of taking any of the smaller coastal islands quickly and with little or no warning. Barring US intervention, they also could seize the larger coastal islands. (Paras. 23-25, 27)

3. There are presently no indications of any Chinese Communist preparations for increased military pressures in the Taiwan Strait. There is no firm evidence that additional troops, heavier artillery, missiles, additional aircraft, additional motor torpedo boats, or mincraft have been moved into the Strait area. However, Communist forces could be quickly and heavily reinforced, and quite possibly without detection prior to their employment. (Para. 31)

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4. The Chinese Communists will almost certainly seek to avoid hostilities with the US. We believe that they will not attempt to seize Chinmen or undertake an all-out effort to prevent its resupply. We also believe such actions unlikely against the Matsus, though the Chinese Communists may in this case be somewhat less certain of US intentions and possible reactions. However, we believe that the Chinese Communists will continue to employ military pressures in support of their essentially political and psychological campaign in the Taiwan Strait. They will probably attempt to keep the Strait issue alive and probably will not relax their military pressures to such a degree as to permit the situation to become quiescent over an extended period of time. (Para. 37)

5. There are a number of military pressures open to the Chinese Communists. They may engage in periodic heavy shelling and limited air and/or sea operations to harass the Nationalists in the Chinmen and Matsu areas; if the CCAF improves its proficiency, it might more aggressively engage the CAF. The Chinese Communists might attempt to seize one or more of the small, lightly-held offshore islands, particularly Ta-tan and Erh-tan, which could probably be taken by a surprise operation before effective

counteraction could be mounted. (Paras. 38-39)

6. In the course of the Berlin crisis the Chinese Communists may exercise their ability to heighten tensions in the Taiwan Strait, either as a part of co-ordinated Bloc strategy or in furtherance of their own objectives in the Far East. We believe that the Chinese Communists would not heighten tensions without prior consultation with the Soviets. In either case, the Soviet position would almost certainly depend on the course of the negotiations or on events in the Berlin crisis itself. The Soviets will probably desire to keep tensions in the Far East about as they are at present so long as they judge that the Berlin situation is progressing according to their liking. Should the Soviets estimate that the Berlin situation is going badly for them, they may advise the Chinese Communists to increase tensions in the Far East. The Chinese Communist response to such Soviet advice would be influenced not only by the Berlin situation and Soviet desires but also by Peiping's own estimate of the advantages or disadvantages of heightening tensions in the Taiwan Strait or possibly elsewhere in the Far East. Any moves to heighten tension in the Taiwan Strait, however, would almost certainly be calculated to fall short of provoking major hostilities. (Para. 34)

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DISCUSSION

I. INTRODUCTION

7. The past few months have seen a shift in the apparent mood of Chinese Communist foreign policy. During most of 1958, Peiping's over-all conduct of foreign policy was marked by truculence and toughness, and in August Communist China suddenly undertook the most aggressive action in the Taiwan Strait since 1949. Peiping has let up on its military pressures in the Strait since last October, however, and has softened the belligerent tone of its foreign policy pronouncements.

8. Nevertheless, the issues involved in the Taiwan Strait crisis have not been resolved. Communist China's basic objectives in the Taiwan Strait area remain unchanged: to eliminate US influence and power, to destroy the GRC, and to assume control of all Nationalist-held territories. The purpose of this paper is to examine the initiation and the course of the 1958 Strait crisis, the Chinese Communist breaking off of the crisis, and the developments which have occurred since that time to see what light they throw on Communist China's probable courses of action in the Strait area over the next year.

II. THE 1958 TAIWAN STRAIT CRISIS

9. We believe that a number of considerations were behind the Chinese Communist decision to step up their military activity in the Taiwan Strait in August 1958. In the most general sense, the operation reflected the apparent confidence with which the regime viewed the external situation during 1958. Under the impact of Soviet progress in rocketry, Peiping's leaders appeared to have been convinced that a decisive shift in the world balance of power had occurred in the Bloc's favor. Peiping's propaganda appeared to reflect some impatience to move more forcefully to exploit the Bloc's favorable power position. Its "peaceful coexistence" line had failed to advance Communist China's interests in the Taiwan Strait; this line had in fact contributed to a sense of international

complacency and a tendency in world opinion to accept a *de facto* "two Chinas" situation.

10. In this general atmosphere Peiping's leaders probably believed that the time was ripe for a new blow at the GRC. Communist China probably estimated that the US would be diplomatically isolated on the offshore island question, and that the USSR's progress in advanced weapons might deter the US from accepting great risks in local war situations. Accordingly, Peiping probably believed that the US, already committed at the time in the Middle East, might be unwilling or unable to prevent the loss of the offshore islands. Peiping apparently set out to test this estimate by probing US reactions, in the expectation that if the US did not intervene, the offshore islands could be gained through interdiction, evacuation, or, perhaps, mass defections. The fall of these islands, Peiping believed, would seriously undermine the morale and staying power of the GRC on Taiwan, drive a wedge between the US and the GRC, and cause the US to suffer a major loss of prestige and influence in Asia.

11. Peiping probably anticipated that it could not lose in such a probing action, believing that even if the US did make a firm stand in the Strait, the resulting tension would create serious problems for the US in its relations with its allies and with the neutral nations of Asia, increase pressures for world acceptance of Communist China, and halt any tendency toward world acceptance of a *de facto* "two Chinas" situation.

12. In any event, Communist China's leaders probably did not intend to take measures which would seriously risk US counterattack against the mainland. Intense artillery bombardment was probably considered to be the principal arm which could be safely employed. The extent to which other military means would be committed was probably contingent upon US and GRC responses.

13. We continue to believe that foreign and Bloc policy considerations were primary in

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Communist China's decision to initiate hostilities in the Taiwan Strait. However, the regime must have considered the interplay between such a military crisis and its domestic "leap forward" and commune programs in its planning. The Strait venture proved a useful instrument in pressing for accelerated economic efforts and in organizing the populace into communes. The regime probably had planned to take advantage of the Strait action to push these domestic programs, but we do not believe that this action was undertaken because of any compelling internal need.

14. The role of the USSR in the 1958 Strait crisis is still not clear, though we continue to believe that the USSR did not initiate the crisis by encouraging the Chinese, but, instead, acquiesced in and supported Chinese initiative. We are confident that the idea of the thrust in the Strait was Chinese, that it had been in the process of planning and maturing for some time, and that some kind of timetable existed for its activation. The fact that Khrushchev left Moscow for a trip to Peiping at the height of the Middle East crisis seems to indicate that the two allies felt a need at the time for closer over-all coordination of Sino-Soviet policies. The subsequent events of August suggest that there was agreement with the USSR on the timing of the Strait venture and on the extent to which it would be pushed. The Mao-Khrushchev meeting may also have included an agreement that diversionary pressures in the Strait could advance Bloc interests in the Middle East, and that a high state of tension might be maintained simultaneously on two fronts, Far East and Middle East.

III. COMMUNIST CHINA'S BREAKING OFF OF THE TAIWAN STRAIT CRISIS

15. *Peiping's Assessment of the Crisis.* We believe that Communist China broke off the crisis last October primarily because it had found that to increase military pressures to the point necessary for a successful interdiction effort carried unacceptable risks of hostilities with the US. Furthermore, relations between the US and the GRC had not been impaired, and the tensions created by the push were proving damaging to Communist

China's international prestige. In sum, Communist China's leaders had found their venture in the Strait politically and militarily unrewarding, and the problem at hand had become one of how to disengage as gracefully as possible and to find new ways and means of advancing their aims in the Taiwan Strait area.

16. Communist China's leaders were undoubtedly impressed with the rapidity, scale, and nature of the US military response. Where the US intentions with respect to the offshore islands probably had earlier seemed unclear to Peiping's leaders, it probably now looked to them as if the US would intervene rather than permit Chinmen to be captured or starved out. Only with respect to the Matsus and some of the lesser offshore islands were US intentions not clearly manifested.

17. Peiping also found that it had underestimated Nationalist nerve, morale, and military capabilities. The CCAF was no match for the greater skill of CAF pilots, who, after the beginning of the intensive Chinese Communist bombardment, shot down about 30 Communist MIG's with the loss of only one or possibly two F-86's. The CAF advantage was increased with the introduction of Sidewinders. The Chinese Communists also found that artillery bombardment alone could neither elicit Nationalist defections nor prevent resupply of Chinmen against the support measures which the US/GRC had brought to bear.¹ There were no defections from the offshore island garrisons or on Taiwan, and in fact Nationalist morale seemed to improve.

18. The Chinese Communists were probably surprised to learn that a number of Asian

¹ The Chinese Communists found that artillery fire could be effective for temporary neutralization only and could not be decisive unless employed in conjunction with other means; that Communist fire direction means and procedures were inadequate for the reduction of Nationalist fortifications and counterbattery capability; that indirect fire techniques were inadequate to interdict determined amphibious resupply operations executed with modern equipment; and that Communist fortifications offered inadequate protection against accurate Nationalist counterbattery fire.

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leaders condoned the US counteractions and considered the onus of aggression to be on Communist China. Peiping was concerned over moves by some Asian countries towards compromise proposals it considered unacceptable. Its leaders also found that its military activities in the Strait were having a damaging effect on its influence in Asia, especially since its aggressive action occurred at a time when its commune revolution and its generally tough foreign policy were encountering adverse reactions in Asia.

19. *Peiping's Tactics Since the Crisis.* Communist China's retreat from its earlier military and psychological warfare pressures has almost restored the general pattern of pre-crisis activity. The principal differences are that the coastal airfields are now occupied and that the level of artillery effort is somewhat greater than that in the weeks immediately preceding the crisis.

20. The principal Chinese Communist effort with respect to the Strait since October has been the attempt to undermine Nationalist morale and to induce Nationalist defections, through sporadic shelling, propaganda appeals, negotiation offers, and the covert passing of letters to contacts and old friends in Taiwan. The present campaign, like similar ones in the past, seeks: (a) to separate by any means the close alliance and defense relationship between the US and Nationalist China—primarily by implying that each is being undercut or sold out by the other; (b) to weaken popular confidence in Nationalist long-term ability to survive as contrasted to Communist China's growing might and "inevitable" victory; (c) to convince officials and technicians on Taiwan that there is a place for them in the "New China"; and (d) to convince the world that Communist China will never accept a "two Chinas" solution and that Communist China's growing strength dictates acceptance of the Communist solution for ending the continuing crisis: US withdrawal from the Taiwan area and no outside interference in the "domestic" struggle between Peiping and Taipei.

21. We have no evidence that the Nationalists are receptive to these Communist overtures or

have made clandestine responses to them. We do not believe that the Communist campaign has in fact made much headway. The Nationalists are aware of the many unattractive aspects of communal life on the mainland, the limited role permitted non-Communists there, the greater freedom and the higher standard of life on Taiwan, and the continuing support which Taiwan is receiving from the US. It is possible, however, that some two-way communication, between individuals, may be going on unknown to us.

22. In continuing the Warsaw ambassadorial talks, Communist China has almost certainly not anticipated that they would lead to a surrender of the offshore islands. It has probably continued these talks to create the impression that it is willing to negotiate outstanding issues, and to avoid the onus of breaking off the talks. It probably also hopes to create doubts about the US in the mind of the Chinese Nationalists, and to extract whatever prestige value there may be in holding direct negotiations with the US.

IV. CHINESE COMMUNIST CAPABILITIES^{*}

23. There has actually been little change since last October in the military picture in the Taiwan Strait area. Both the Communists and the Nationalists have increased their air strength slightly, and the Nationalists have reinforced their artillery on Chinmen, but the balance of forces remains about the same as it was in August-September. Perhaps the most important change has been an improvement in Chinese Communist resupply and reinforcement capabilities opposite the Matsus as a result of the completion of the rail line to Foochow.

24. Assuming no US intervention, we believe that the Chinese Communists could seize the Matsus or the Guimins,³ although at considerable cost. A successful assault against the Matsus Islands could be mounted with the troops already stationed in the Foochow area (an estimated 47,800). We estimate that the

^{*}See Military Annex and maps (Figures 1-4).

³For details concerning the various offshore islands, see maps and paragraph A1 of the Military Annex.

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Chinese Communists would consider that 200,000 combat troops would be required for a successful attack on the Chinmens. Although this would necessitate the movement of more than 100,000 additional ground force troops into the Amoy area, such a movement could be made quickly and quite possibly without detection. The degree and nature of US military involvement would be the decisive factor in the outcome of a battle for the larger coastal islands.

25. The Chinese Communists do not have the capability to prevent resupply of Big and Little Chinmen by artillery fire alone.^a However, the Chinese Communists could make resupply much more difficult and could create considerably greater havoc on the Chinmen group than at any time in the previous crisis should they choose to undertake the intensive and all-target bombardments of which they were and are capable. There are no major logistic limitations to effective resupply of the Communist artillery in the Amoy area.

26. The Chinese Communists do not have the capability to prevent resupply of the Matsus by artillery fire alone. Although the Chinese Communists have an estimated 90 artillery pieces capable of reaching the three northernmost islands, limited observation even during periods of good visibility would preclude effective interdiction.

27. The Chinese Communists could seize any of the small, isolated offshore islands quickly and with little or no warning: specifically, Tung-ting, the Wu-chiu's, and the Tung-yin. Although the Nationalists could support the defense of the Tan Islands (in the Chinmen complex) more effectively than in the case of the more isolated islands, the Chinese Commu-

nists could seize the Tans and deny them to Nationalist recapture. Should Peiping decide to garrison the Tan islands, the Nationalists could seriously harass the defenders.

28. Given the demonstrated superiority of the CAF fighter units, Peiping would have to be prepared to accept disproportionate losses in any air engagements with the Nationalists unless the quality of the Communist fighter units had improved. These losses could become very costly if the battle were prolonged. Despite this qualitative difference, the great numerical advantage of the Chinese Communists over the GRC in aircraft, along with the large number of airfields in close proximity to the offshore islands, give the CCAF the capability to effectively attack Nationalist resupply operations in the offshore island area. The Chinese Communists also have the capability to protect their own surface operations in the area from decisive interference by the Nationalist Air Force. The introduction of Soviet air-to-air missiles and appropriate training would lessen the qualitative difference.

29. By supplementing artillery bombardment with attacks by aircraft and motor torpedo boats, possibly along with offensive minewarfare, the Chinese Communists could make resupply and reinforcement of the offshore island garrisons virtually impossible unless US air and naval forces were committed to keeping the supply lines open.

30. The Chinese Communists have the capability to launch an air or amphibious attack against Taiwan or the Penghus (Pescadores), but could not neutralize or seize these islands against US resistance.

31. There are presently no indications of any Chinese Communist preparations for increased military pressures in the Taiwan Strait. There is no firm evidence that additional troops, heavier artillery, missiles, additional aircraft, additional motor torpedo boats, or minecraft have been moved into the Strait area. However, troops, ships, and aircraft could at any time be committed quickly to operations against the offshore islands, quite possibly without prior detection.

^a The supply situation on the Chinmens at no time reached a dangerous stage during the Taiwan Strait crisis, quantities even of critical items always remaining at about 30 days supply. By the time of the cease-fire, deliveries by sea and air, except as limited by weather, had risen to tonnage exceeding the minimum daily requirements. The supply situation on the Chinmens has been further improved since October. See also Military Annex.

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V. PROBABLE CHINESE COMMUNIST COURSES OF ACTION

A. General Considerations

32. We believe that Communist China's basic objectives in the Taiwan Strait area will remain unchanged. After the experience of last year's crisis, however, Communist China's leaders may well estimate that no feasible course of action is likely to lead to an early achievement of their principal objectives. Yet they almost certainly believe that time is on their side and that they will be able to exploit new opportunities which may arise in the Taiwan Strait area in the normal course of events or which may result from their continued pressures.

33. Meanwhile, the present situation must seem to them to offer at least some advantages. They can increase or decrease tension in the Strait area to capitalize on international developments or to serve domestic needs. Their post-October insistence that the offshore islands and Taiwan constitute a single problem which must be solved at one time is probably designed in part to rationalize their inability to capture the islands; clearly they are sensitive to the charge that they backed down during last year's crisis. Nevertheless, they probably also believe, as they have stated, that as long as the Nationalists hold the offshore islands the Taiwan Strait does not form a natural dividing line which might appeal to world sentiment as a basis for a "two Chinas" solution. They may also consider that the present situation contains some opportunities for undermining Nationalist morale and for disturbing US-GRC relations.

34. In the course of the Berlin crisis the Chinese Communists may exercise their ability to heighten tensions in the Taiwan Strait, either as a part of co-ordinated Bloc strategy or in furtherance of their own objectives in the Far East. We believe that the Chinese Communists would not heighten tensions without prior consultation with the Soviets. In either case, the Soviet position would almost certainly depend on the course of the negotia-

tions or on events in the Berlin crisis itself. The Soviets will probably desire to keep tensions in the Far East about as they are at present so long as they judge that the Berlin situation is progressing according to their liking. Should the Soviets estimate that the Berlin situation is going badly for them, they may advise the Chinese Communists to increase tensions in the Far East. The Chinese Communist response to such Soviet advice would be influenced not only by the Berlin situation and Soviet desires but also by Peiping's own estimate of the advantages or disadvantages of heightening tensions in the Taiwan Strait or possibly elsewhere in the Far East. Any moves to heighten tensions in the Taiwan Strait, however, would almost certainly be calculated to fall short of provoking major hostilities.

35. We do not believe that domestic considerations would by themselves cause Communist China to go so far as to undertake a major military effort in the Strait area during the next year. However, Peiping could create greater tension in the Strait area at any time as a means of rallying greater public sacrifice and enthusiasm for its domestic programs of rapid, forced economic development and the communalization of society.

36. Several other factors may influence Peiping's course of action in the Taiwan area. Despite some moderation in recent months of the bellicose tenor of Peiping's general foreign policy statements, some of the assertiveness which characterized its outlook during 1968 is still present. The Taiwan Strait situation provides the easiest outlet for this assertiveness, but if the Chinese Communists saw such opportunities elsewhere, they might feel less inclined to increase pressure in the Strait area. Peiping's action would of course also be affected by any developments which might lead it to see an increased likelihood of a change in US or GRC policies. Continuation of the Warsaw talks might inhibit but will not prevent the Chinese Communists from taking more forceful actions should they so choose.

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B. Probable Courses of Action

37. The Chinese Communists will almost certainly seek to avoid hostilities with the US. We believe that they will not attempt to seize Chinmen or undertake an all-out effort to prevent its resupply. We also believe such actions unlikely against the Matsus, though the Chinese Communists may in this case be somewhat less certain of US intentions and possible reactions. However, we believe that the Chinese Communists will continue to employ military pressures in support of their essentially political and psychological campaign in the Taiwan Strait. These pressures will probably not repeat the pattern of last year's unrewarding military activities. However, Peiping will probably attempt to keep the Strait issue alive, and will probably not relax its military pressures to such a degree as to permit the situation to become quiescent over an extended period of time.

38. There are a number of military pressures open to the Chinese Communists. They may engage in periodic heavy shelling and limited air and/or sea operations to harass the Nationalists in the Chinmen and Matsu areas. They might attempt to seize one or more of the small, lightly-held offshore islands, particularly Ta-tan and Erh-tan. Peiping might execute such an assault to support a political move or to provide specific evidence of progress for domestic political and propaganda purposes.

39. Though we believe it unlikely, it is possible that the Chinese Communists may resume intensive and sustained artillery bombardment of the major offshore islands, perhaps using heavier guns. They might initiate aggressive aerial activity over the offshore island area and, possibly, the Strait. We believe, however, that they would be reluctant

to expose their air force to the possibility of another humiliating defeat by the CAF, and hence we think them unlikely to initiate such air activity until they have considerably improved the proficiency of their pilots. Sufficient improvement might be accomplished by a few CCAF regiments with present equipment during the next few months. Moreover, during the period of this estimate the CCAF will probably have more advanced aircraft and may also acquire air-to-air missiles.

40. Peiping will probably intensify its political and psychological warfare campaign against the GRC. This can be done with little risk and with minimum demands upon Communist China's leadership or resources. In particular, Peiping might increase its campaign of rumors regarding secret negotiations with GRC leaders. It might renew the offer to negotiate in formal and concrete terms which might win support from some non-Communist countries.

41. Peiping might renew its demand that the US discuss the Taiwan problem and other questions at the ministerial level, perhaps citing the lack of progress in the Warsaw ambassadorial talks to demonstrate the need for higher-level discussions. Peiping would almost certainly rebuff any over-all consideration of Taiwan Strait questions by an international group, particularly by the UN.

42. Although we believe that the Chinese Communists are not likely during the period of this estimate to undertake actions which they believe would run great risks of involvement with US forces, they almost certainly will not change their basic objectives in the area. Over the longer run, as Communist China's economic and military strength grows, its leaders will probably become increasingly audacious in pursuing those objectives.

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ANNEX A

MILITARY ANNEX

A. GENERAL

1. The 100-mile wide Taiwan Strait separates the island of Taiwan from the mainland of China.¹ The Penghus (Pescadorees), an archipelago of 64 islands, lie about 25 miles west of Taiwan, and like the main island, receive the protective benefits of the relatively wide strait. The offshore islands are not so fortunate, geographically speaking, from a defensive standpoint. These islands consist of two major groups and three lesser groups. The largest is the Chinmen (Quemoy) group consisting of: (1) Chinmen (Quemoy) Island, 47 square miles, garrisoned by five divisions plus supporting troops; (2) Little Chinmen (Little Quemoy, or Lieh Hsu) 6.7 square miles, garrisoned by one division and supporting troops; and (3) the eight small, rocky Tan Islands, three of which are garrisoned with lightly armed troops of the Chinmen forces, about 1,300 on Ta-tan, 215 or Erh-tan, and perhaps 70 on Hu-tsu Hsu. The military significance of the Tans (aside from morale considerations) is confined to their usefulness as posts for observation of the Amoy port area. The other major group consists of the Matsus complex, including the Pai-ch'uan or White Dog Islands. The largest island, Matsu, about four square miles, is garrisoned with about 11,500 well-armed regular army troops; Chang-hsu, three square miles, has 5,000 regulars; and Kao-teng, about one square mile and northernmost of the Matsus, has 750 regulars. The southern islands of the complex, the Pai-ch'uan (White Dogs), still have some guerrilla forces, but are mainly manned by regulars: 3,300 on the one square mile of Hsi-ch'uan and 2,300 on the slightly smaller Tung-ch'uan. The other islands of the Matsu complex are not regularly garrisoned.

2. Largest of the somewhat isolated lesser groups is the Tung-yin group. Lying about

36 miles² ENE of the nearest island garrisoned by Nationalist regulars (Chang-hsu, in the Matsus), the two rugged small islands (1.8 and 0.6 square miles) comprising the group are held by about 2,000 lightly armed guerrillas. Lying about halfway between Chinmen and Matsu and about 14 miles SSE of the mainland are the two Wu-chiu Islands, the larger of which is 250 acres. About 600 lightly-armed guerrillas hold this group. Tiny Tung-ting (Chapel) Island, about 14 miles south of Chinmen and eight miles off the mainland is held by about 70 regulars from a Chinmen division.

3. In the Foochow area the Chinese Communists have an estimated 47,600 troops facing the 23,000 GRC troops in the Matsu Island group. In the Amoy area they have an estimated 86,900 ground force troops facing about 86,000 GRC troops on the Chinmen Island group. The GRC garrisons on the Chinmens and the Matsus are now at or about optimum strength. Artillery strength in the Chinmen and Matsu areas is approximately as follows:

COMMUNIST		NATIONALIST	
Chinmen Area			
162-mm	198	8 inch Hows	11
122-mm	204	156-mm Guns	20
76, 75 and 57-mm	237	156-mm Hows	84
		106-mm Hows	123
		75-mm Hows	60
TOTAL	699 ^a	TOTAL	317
Matsu Area			
162-mm	2	155-mm Guns	8
122-mm	38	106-mm Hows	60
76 or 57-mm	15	75-mm Hows	12
TOTAL	195	TOTAL	80

^a All over-water distances in this note are given in nautical miles.

^b All but 63 of the Communist artillery pieces in the Chinmen area are believed to be within range of Nationalist positions. In addition to the pieces listed there are 374 covered positions in the area, the occupancy of which cannot be determined. (See Figures 3 and 4)

¹ See maps (Figures 1-4).

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4. Prevailing weather conditions in the Taiwan Strait determine to a great extent the Nationalist capability for resupply and reinforcement of any of the offshore islands, and also are a limiting factor in any attempted invasion of Taiwan and the Penghus by the Communists. The gentle, variable winds and light seas of spring (April through June) provide optimum conditions for movement across the Taiwan Strait. During the summer (July through September), when the typhoon risk is high, traffic from Taiwan to the offshore islands may be completely disrupted for relatively long periods. The strong northeasterly winds in the fall and winter cause a period of heavy seas which also restrict movement and confine offloading to a few especially favorable, leeward beach sites. Seasonal variations in weather are of far less significance for amphibious operations from the mainland against the offshore islands.

B. THE CHINESE NATIONALISTS

5. *Logistical Considerations.* The Communist interdiction of the Chinese Nationalist efforts to resupply the Chinmen garrison created the outstanding problem of the Taiwan Strait crisis. However, the supply situation on Chinmen (Quemoy) never degenerated to a dangerous stage during the Taiwan Strait crisis. The Communists' interdiction of the resupply effort influenced the extent of the Nationalists' counterbattery artillery fire, and undoubtedly initiated a general austere supply consumption program. However, by 6 October 1958 (when the Communists announced their unilateral cease-fire), Nationalist resupply had reached a point where adequate supplies were being delivered despite the interdiction effort. The amount of resupply to support the Chinmen garrison was computed by MAAG Taiwan to be a daily average of 330 tons, which included 900 rounds of counterbattery artillery ammunition. For the four days immediately prior to the cease-fire, air deliveries alone averaged 340 tons daily. For the period 14-30 September, despite interdiction and bad weather, daily deliveries averaged approximately 175 tons. Individual

day's efforts of 553 tons (27 September) and 423 tons (1 October) were recorded. During the two-week period immediately following the cease-fire a total of about 40,000 tons of supplies was delivered.

6. The valuable experience gained in continuing to resupply the island despite the Communist artillery fire has greatly improved the amphibious and aerial delivery capabilities of the GRC. The supply status of both Chinmen and Matsu as of February 1960 indicated that the garrisons have stocks of supplies on hand sufficient for approximately three months.

STATUS OF SUPPLY ON CHINMEN IN DAYS OF SUPPLY

Class	1 Sep 58 ¹	14 Feb 60
I (Rations)	33	94
II-IV ... (Equipment)	44-60	90-120
III (POL)	33	96
V (Small Arms)	90	90
V (Artillery)	33-75	84

CHINMEN STOCKS OF ARTILLERY AMMUNITION BY ROUND AS OF 14 FEBRUARY 1960

8 inch Hows	20,001
155-mm Hows	200,797
155-mm Guns	60,330
105-mm Hows	401,813
90-mm Guns	11,154

7. The amphibious craft of the Nationalist Navy, supplemented by the BARCs (barge, amphibious, resupply cargo) assigned the Army, can transport more than the minimal level of 330 tons daily to resupply the offshore islands. The Chinese Nationalist Air Force has the capability of delivering approximately 300 tons of supplies daily to the offshore islands.

8. *Naval Forces.* The naval losses sustained by the GRC during the 1958 hostilities have been partially replaced, and additional US ships are programmed for the next six months.

PRESENT GRC NAVAL FORCES

60,000 personnel, including 25,000 marines

Destroyers	4	Subchasers	15
Escort vessels	14	Amphibious vessels	61
Minelayers	2	Auxiliaries and	
Minesweepers	7	service craft	97

¹Prior to receipt of resupply.

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Although GRC ship strength is slightly below the August 1958 level, losses have not been major, and will be exceeded by replacements. There have been no significant changes in deployment. The amphibious capability of the GRC Marine Corps continues to improve as newer equipment is received, particularly tanks, and more landing exercises are conducted. It is now considered capable of mounting raiding operations against the mainland.

9. *Air Forces.* The decisive victories scored by Nationalist F-86F's over Communist MIG's in the August-October air battles clearly demonstrated the high level of training and excellent caliber of CAF fighter units. Their F-86F fighter squadrons must be ranked among the world's finest air combat units in daylight operations. This excellent fighter capability is being improved as increasing numbers of Nationalist pilots are being trained in the use of the Sidewinder air-to-air missile. Since the easing of tensions in the Strait, the CAF has also attempted to improve its air-ground support capability through extensive training. The CAF's transport and troop carrier squadrons performed well in resupplying Chinmen during the recent crisis and further such training is being achieved as the airlift of supplies and personnel to Chinmen continues. Lastly, training in paratroop drops has also been extensive in the past few months.

10. The over-all capability of the CAF has been improved in recent months by the receipt of new equipment from the United States. Installation of Sidewinder equipment on additional fighters has increased the CAF's combat capability; it is expected that a total of 155 Nationalist fighters will be equipped with these missiles by the end of 1959. Fighter capabilities are also being improved as the more advanced F-86F replaces the F-84G's in Nationalist fighter squadrons. About 90 F-100's will probably become operational during 1960. The loan of 16 C-119's for an indefinite period has augmented the CAF's airlift capabilities.

11. The GRC's present total aircraft inventory in operational units is as follows:^a

	Operational
Jet Fighters	397
Jet Fighters (Reconnaissance)	21
Jet Light Bombers (Reconnaissance)	3
Land-Based ASW	4
Piston Transport	117
Other Jet	—
Other Piston	19
TOTALS	558 ^b

12. *Missiles.* The GRC antiaircraft strength has been enhanced by the movement of a US Nike-Hercules battalion into the Taipei area. This has allowed the redeployment of the Nationalist AAA units which formerly defended Taipei to other strategic areas. There is also a US Matador squadron on Taiwan.

13. *Offshore Islands Defense.* Major emphasis has been given to improving the Nationalist counterbattery artillery capability of the offshore islands during and following the Taiwan Strait crisis:

a. *Chinmen:* At the beginning of the crisis in August 1958, the Nationalist artillery units assigned to the Chinmen Defense Command consisted largely of the light artillery organic to the six infantry divisions of the Command, totalling 308 pieces. Of these, only the fifty-six 155-guns and howitzers were capable of delivering effective counterbattery fire against the more than 800 Communist artillery pieces being employed against the island complex. By 1 November 1958, however, GRC artillery on Chinmen and Little Chinmen capable of counterbattery fire had been about doubled. This had been accomplished by a shift in emphasis from light to medium and heavy artillery even though the total number of guns had increased by only nine during this period. In addition, twelve 240-mm howitzers are now being readied on Taiwan for Nationalist use on Chinmen; however, date of deployment is uncertain. Further, the Nationalists are improving their observation capability with action already underway to provide equipment

^a There is no GRC naval air force.

^b In addition there are about 237 aircraft in non-operational status: training, storage, or obsolescent.

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and training for sound and flash bases, and electronic meteorological sections for the offshore islands. (See Figures 3 and 4)

b. *Matsu*: The artillery inventory in the Matsu Defense Command in August totaled 32 guns and howitzers, and has been increased to 80 since that date. The Communists have approximately an 11 to 1 ratio of counter-battery weapons compared to the Nationalists in the Matsu area, while the ratio in the Chinmen area is only 3 to 1. The Matsus have a much lower priority than the Chinmen complex; however, plans call for an augmentation of the heavy artillery. (See Figure 5)

14. The military position of the GRC on the offshore islands, particularly the main island of Chinmen, has shown substantial improvement since the Taiwan Strait crisis in the fall of 1958. The Nationalist troops on Chinmen still number about 86,000; however, the GRC has agreed "in principle" to a reduction of about 15,000 men. The agreed reduction in personnel is to be offset by increases in artillery and automatic weapons, so that the overall defensive capability of the islands will be strengthened. If this were accomplished, the number of divisions deployed on the Chinmens would be reduced from six to five. The present Chinese Nationalist infantry division has approximately 63 percent of the personnel, 33 percent of the vehicles, and less than 80 percent of the artillery and crew-served weapons of the US World War II type division. The newly adopted "Forward Look" infantry division of the GRC (seven divisions of a total of 21 are scheduled to be reorganized by December 1959) will have about 57 percent of the personnel, 50 percent of the vehicles and crew-served weapons, and the same artillery as the US World War II type division. One or more of these new divisions will probably be committed to Chinmen during 1959. Neither of the GRC type divisions has organic armor assigned. Morale of troops on the offshore islands, including the small Tan Islands, is reported as excellent.

15. Nationalist capabilities for defense of the offshore islands could probably not be significantly impaired by local subversion or sabotage. With full US support brought to bear

in time, Chinese Nationalist forces probably could hold the major offshore islands indefinitely; without such support, they probably could not long withstand an all-out attack.

C. THE CHINESE COMMUNISTS

16. *Logistical Considerations*. Although the Taiwan Strait is a substantial barrier affording protection to Taiwan and to the Penghus, there are no significant logistical difficulties in operations against the offshore islands, except, probably, in the supply of POL. The Communist surface transportation system will accommodate a maximum of 7,500 tons per day into the Amoy-Foochow area. The two cities share the rail (5,000 tons) and river (2,000) capacity. In addition, there is a road capacity of 500 tons per day. An indication of the adequacy of this transportation capacity is seen in the estimated weight of artillery ammunition expended during the first six weeks of the bombardment of Chinmen. In August-October 1958 the average daily expenditure of artillery ammunition was 450 tons and the total expended was approximately 20,000 tons—consumed from an estimated 220,000 ton stockpile and an annual production rate by Communist China of about 44,000 tons. The daily supply requirements for a Chinese Communist Army in combat is 500 tons, again indicating the adequacy of the mainland transportation system in the Foochow-Amoy area to support military operations. Interior bottlenecks, an over-all shortage of rolling stock, and POL shortages, however, would develop during an extended operation.

17. *Naval Forces*. The over-all naval strength of the Chinese Communists has improved slightly during the past several months, but this improvement is believed part of the programmed naval buildup that has taken place over the past several years and is not related directly to the Taiwan Strait crisis.

PRESENT CHINESE COMMUNIST NAVAL FORCES
57,000 personnel, not including 8,000 in naval aviation

Destroyers	4	Patrol vessels (including 125 motor torpedo boats)	300
Submarines	21	Landing ships	83
Escort vessels	4	Service craft (approx.)	300
Mine vessels	33		

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In the offshore islands area, the strength of Chinese Communist Naval Forces appears to be about the same as at the climax of the recent crisis, no known permanent deployments of submarine, major surface or landing ship units into the Strait having taken place. The relatively shallow water in the Taiwan Strait makes the effective use of submarines more difficult, and greatly increases their vulnerability to ASW operations.

18. It is difficult to fix the number of small Chinese Communist vessels in the area at present. Based on the demonstrated ease with which motor torpedo boats can be introduced undetected, the strength of small patrol and landing craft types could be covertly augmented over a relatively short period of time. Moreover, in view of the relatively short distances involved, the bulk of major naval strength could be deployed into the Straits over a 24-48 hour period with little or no prior indication. There have been no authenticated instances of the employment of mine-warfare by the Chinese Communists; neither have there been positive indications of mine stockpiles along the Strait. However, the emphasis which the Chinese Communist Navy is known to place on such doctrine, coupled with an appreciable capability for mine delivery from all types of vessels, makes the occurrence of offensive mining a possibility to be reckoned with in the event of a renewal of hostilities.

19. *Air Forces.* With the possible exception of a small increase in fighter strengths, Chinese Communist Air Force levels have remained about the same in the Taiwan Strait area as they were during August-October 1958. At present, there are approximately 300-350 jet fighters based on the airfields in the Foochow-Swallow area. While there are no bomber aircraft operating from these fields, the Chinese Communists continue to have jet light bombers based at airfields well within striking range of Taiwan. It is possible that the Chinese Communists have some bomber forces in areas directly behind the coastal airfields.

20. The Chinese Communists must have been highly displeased with the performance of their fighter pilots during the crisis, and we

consequently believe that they must be conducting an intensive training effort to rectify this weakness. However, we have no direct evidence of any such effort. It is estimated that it would take about four months of intensive training to make a CCAF regiment combat proficient (with existing equipment).

21. It is possible that the Chinese Communists have received some MIG-19 aircraft from the Soviet Union; several months would probably be required, however, before Chinese pilots would be capable of effectively using this aircraft in combat.

22. We consider it likely that the embarrassing air losses suffered by the Chinese Communists last fall, along with the glimpse they had of the effectiveness of the Sidewinder air-to-air missiles, have led the Chinese Communists to press the USSR for similar weapons. We have estimated that the Soviets have developed several types of short-range air-to-air missiles, equipped with HE warheads. These could be made available for use by Chinese Communist jet fighters; we have no evidence, however, to confirm or deny the existence of such weapons in mainland China.

23. The combined Chinese Communist Air Force and Naval Air Force include 2,366 operational jet aircraft, of which 1,795 are fighters and 460 are light bombers. The present total aircraft inventory in operational units is estimated to be:

	<i>Operational</i>
Jet Fighter	1,795
Piston Fighter	55
Jet Light Bomber	460
Piston Light Bomber/Tactical/Attack	336
Land-Based ASW	18
Piston Medium Bomber	30
Piston Transport	190
Jet Trainers	140
Other Piston	150
TOTALS	2,833¹

24. *Reinforcement Capability.* Within 12 days the forces in the Amoy-Foochow area can be reinforced by approximately 255,000 troops, including three airborne divisions (of 7,000

¹In addition there are about 1,385 aircraft in non-operational status: training, storage, or obsolescent.

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troops each), quite possibly without detection by GRC or US forces. Within 21 days an additional 46,000 troops could be deployed to the Amoy-Foochow area, making an estimated total force of 24 infantry divisions assembled there. These moves would not involve any redeployment of those coastal units now stationed outside of the immediate Amoy and Foochow areas (which presumably would be kept in position against the possibility of a Nationalist counterattack). Compared with a World War II type US infantry division, the Chinese Communist infantry division has approximately the same personnel strength (about 17,000), but only 50 percent as much artillery, and 25 percent of the tanks and motor vehicles. Morale of the Chinese Communist forces is considered good.

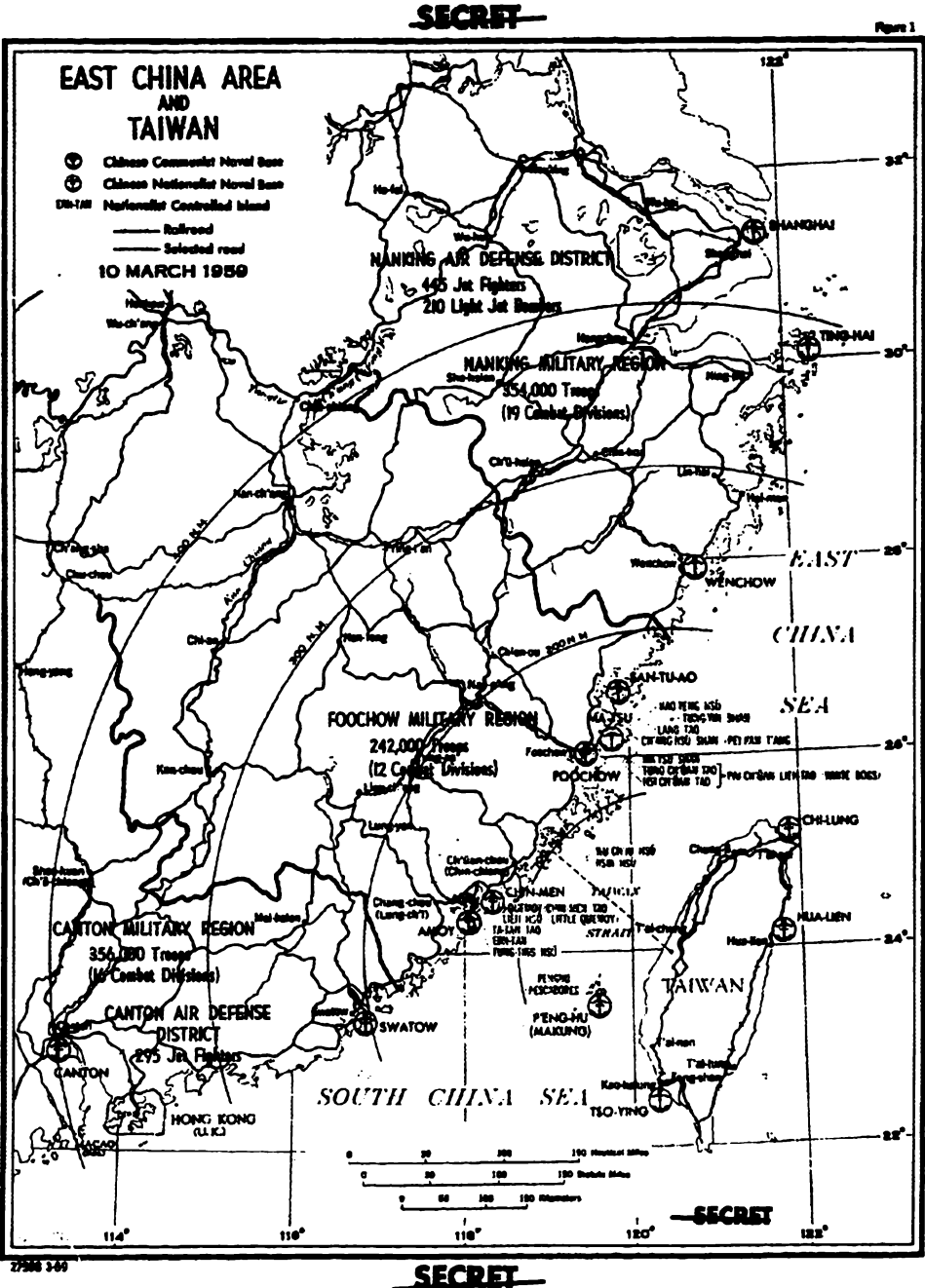
25. *Lift Capabilities.* In an amphibious assault against Chinmen or Matsu it is unlikely that larger amphibious units (LST, LSM) would be employed due to the extremely adverse beaching conditions. However, by employing lesser amphibious units (LCU, LCM) and readily available native craft, in successive waves, the Chinese Communists have the capability of launching assaults with forces numerically superior to the defenders on either the Chinmens or the Matsus. Timely warning might not be available that final preparations for either operation had been completed.

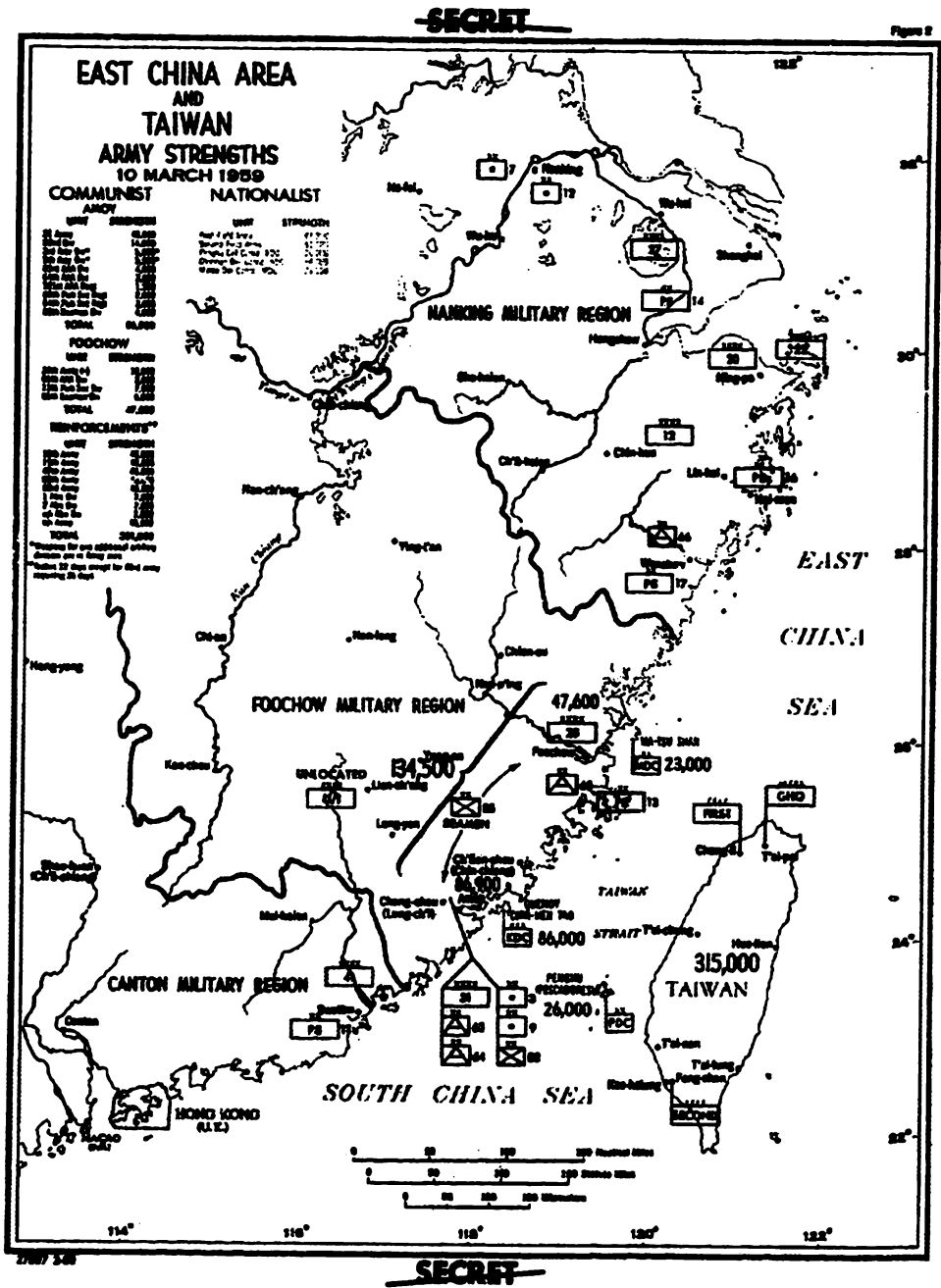
26. Utilizing assigned transport aircraft, together with available civil transport, and dis-

regarding normal maintenance and operational attrition, as well as combat attrition, it is possible that a maximum Chinese Communist airborne force of up to 10,200 men could be dropped on the offshore islands in two lifts on D-Day, followed by 5,100 men on D+1 Day, and the remaining 5,700 men of the three airborne divisions on D+2 Days. This airborne force is essentially light infantry, since the Chinese Communists do not have the aircraft or the capability to drop vehicles, or artillery larger than the pack 75-mm howitzer. Sufficient airfields are available in southeast China to mount such an operation within close range of the Nationalist positions. The use of helicopters to move personnel from the mainland to the Chinmen or Matsu Islands could increase the total force available by a considerable number, depending on the number of lifts flown. The Chinese Communists have an estimated 40 helicopters capable of carrying 16 troops each.

27. *Missiles.* There is no present evidence to corroborate recent low-level reports that the USSR has supplied short-range ballistic missiles to Communist China, and there are no confirmed indications that the Chinese Communists have any type of missile in the Taiwan Strait area. The absence of firm evidence does not, of course, preclude the possibility that the Chinese Communists may have received Soviet missiles and may have deployed some to the Taiwan Strait area, though we believe it unlikely.

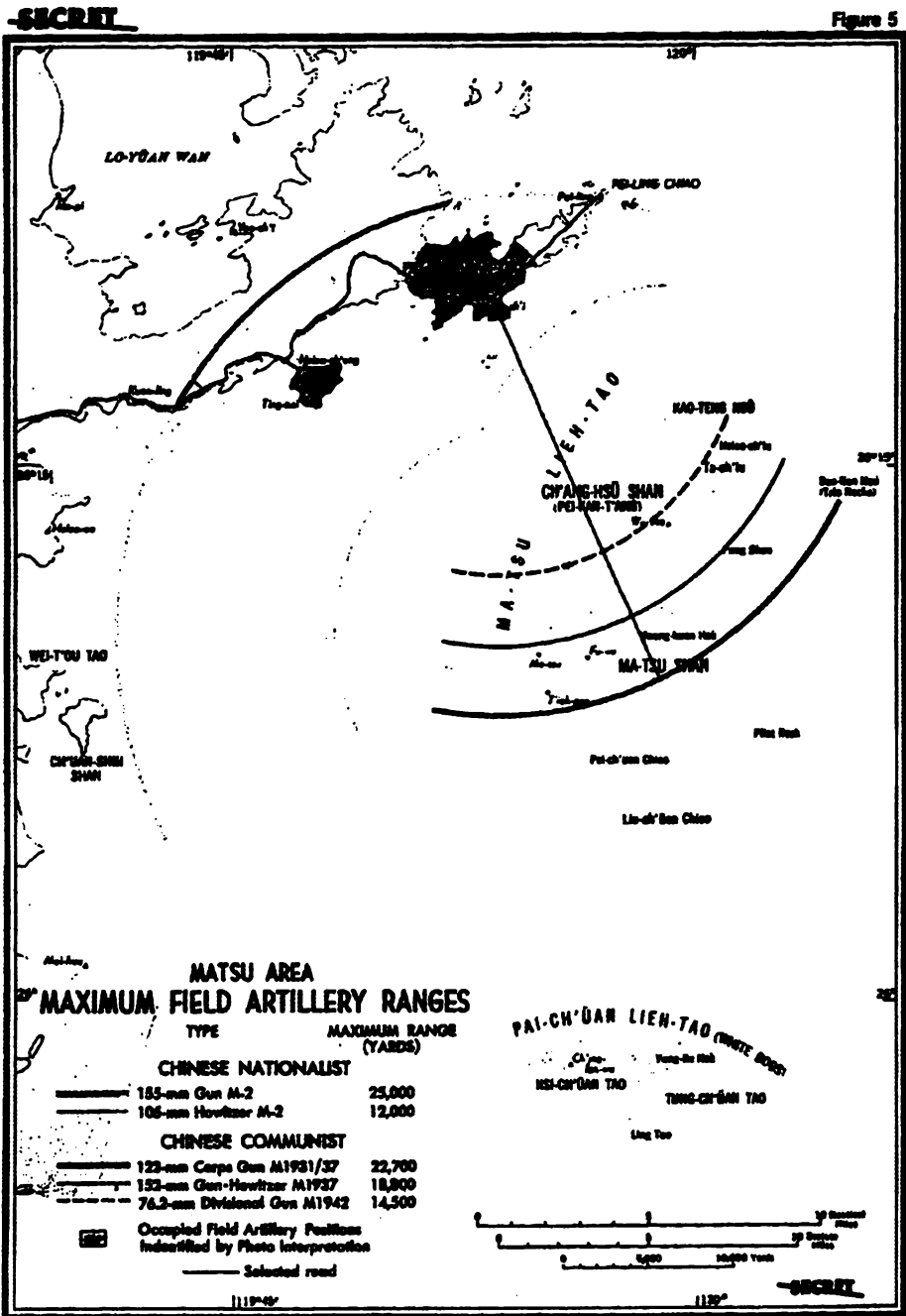
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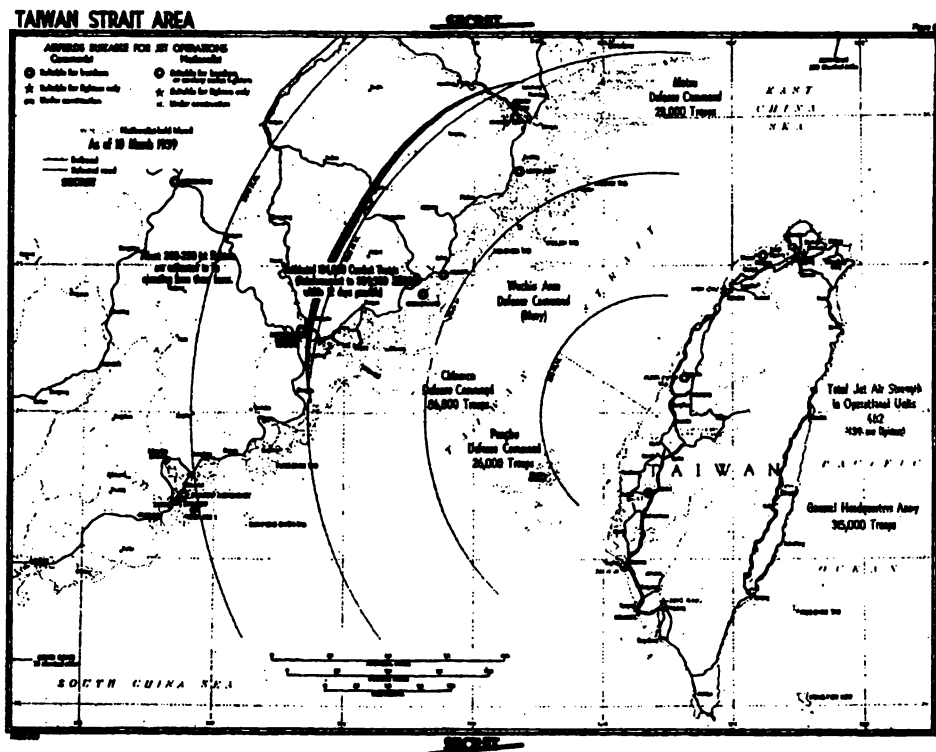






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SECTION 16

NIE 100-3-60

Sino-Soviet Relations

9 August 1960

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NATIONAL INTELLIGENCE ESTIMATE NUMBER 100-3-60

SINO-SOVIET RELATIONS

Submitted by the
DIRECTOR OF CENTRAL INTELLIGENCE

The following intelligence organizations participated in the preparation of this estimate: The Central Intelligence Agency and the intelligence organizations of the Departments of State, the Army, the Navy, the Air Force, The Joint Staff, and AEC.

Concurred in by the
UNITED STATES INTELLIGENCE BOARD

on 9 August 1960. Concurring were The Director of Intelligence and Research, Department of State; the Assistant Chief of Staff for Intelligence, Department of the Army; the Assistant Chief of Naval Operations for Intelligence, Department of the Navy; the Assistant Chief of Staff, Intelligence, USAF; the Director for Intelligence, The Joint Staff; the Atomic Energy Commission Representative to the USIB; the Assistant to the Secretary of Defense, Special Operations; and the Director of the National Security Agency. The Assistant Director, Federal Bureau of Investigation, abstained, the subject being outside of his jurisdiction.

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SINO-SOVIET RELATIONS

THE PROBLEM

To examine the Sino-Soviet relationship, and to estimate probable developments therein over the next five years.

CONCLUSIONS

1. The growth of Communist China's power and self-confidence has brought to the Sino-Soviet relationship an increased Chinese assertiveness and a consequent sharp increase in discord, particularly concerning outlook and attitude toward the non-Communist world. There is still one Communist faith, but there are now two voices of Communist authority. As a consequence, the Sino-Soviet relationship is in process of difficult change. (Paras. 7-9)

2. The Sino-Soviet relationship is not a Communist monolith. Instead, it contains elements of both cohesion and division, and varying degrees of unity are displayed in the relations of the two powers in ideological, foreign policy, economic, and military affairs. Although joined in the pursuit of broad Communist objectives, the Soviet and Chinese partnership is subject to many of the separatist forces that have traditionally confronted alliances and coalitions. (Paras. 58-63)

3. We believe that cohesive forces in the Sino-Soviet relationships will remain stronger than divisive forces at least through the period of this estimate. The strongest of the cohesive forces will be a mutual awareness of the heavy damage to their national interests and to the Communist cause which a substantial impairment of the alliance would inflict. The two partners will almost certainly continue to share a common hostility to the West and a belief that through their common effort in advancing international communism they can someday participate in dominating the world. Their relationship will also continue to find cohesion in the political, economic, and military advantages each receives. This will have particular force for the Chinese who, in view of their continuing military and economic dependence on the USSR, will probably feel that they have no genuinely acceptable alternative to maintaining their alliance with the Soviets. (Paras. 13-14, 64-65)

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4. Divisive forces continue to be present, however, and may increase. Differing national interests and characteristics, and the wide disparity in the development of the USSR and Communist China as Communist societies, will continue to exert basic stresses on the Sino-Soviet relationship. Communist China's relative weight in the Bloc is likely to grow over the next five years. This growth will diminish the leverage Moscow can bring to bear through Peiping's military and economic dependence. The Chinese Communists will be more inclined to pursue their own interests and to question Soviet leadership than they have during the first decade of the alliance. (*Paras. 15-17, 66*)

5. We do not rule out the possibility that the two powers may during the period of this estimate either come to an open break or reach a more fundamental integration of interests than now exists. We believe it much more likely, however, that there will be no fundamental reconciliation of differences, that discord will ebb and flow, and that the growing duality of power in the Bloc will become increasingly incom-

patible with the present Bloc structure which has been based on a single source of authority. However, differences will be unlikely to force the USSR and Communist China so far apart that they cease to look to each other for support in their common drive against the West. (*Paras. 67-69*)

6. The threat which the Sino-Soviet allies pose to US security and US interests is of great dimensions and is more likely to increase than to diminish during the period of this estimate. Nevertheless, since the alliance is a changing and evolving relationship, it offers possibilities for favorable as well as unfavorable developments from the US point of view. Stresses and strains in the Sino-Soviet relationship will tend to weaken the hostile combination, and may provide situations and opportunities which can be exploited by the West. At the same time, Chinese Communist pressure may on occasion influence the Soviets to pursue a more militant course toward the West than the Soviets would otherwise choose on tactical grounds. (*Paras. 70-71*)

DISCUSSION

I. INTRODUCTION

7. The Sino-Soviet relationship has of late been publicly displaying greater signs of apparent strain than at any time in its decade of existence: most importantly, the USSR and Communist China have been engaged in a controversy over global strategy in which each claims to be preaching the true doctrine. Disputes of this magnitude raise the question as to whether the Sino-Soviet relationship can long maintain its present character or its present degree of coordination.

8. The history of the Communist movement has been marked by controversies and schisms. These have occurred not only within the Communist Party of the Soviet Union, but between parties and between Communist regimes as well. Where disputes have reached serious proportions they have generally been settled by an exercise of Moscow's power. Occasionally, however, Moscow has either not sought or has not been able to exert such power, and schisms have occurred. The most notable example is Yugoslavia.

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9. Until Communist China began to emerge as a great power, the Communist movement had not experienced a serious controversy involving a major potential rival to the USSR. Since Communist experience provides no clear precedent for settling such a dispute between major Communist powers, the present contention between Moscow and Peking foreshadows a difficult test for the Sino-Soviet relationship in offsetting inherent schismatic forces. The outcome will in the long run significantly influence the future course of world communism, internally and externally. It will also have profound implications for the interests of the US and the West. The discussion which follows seeks to examine the nature of the Sino-Soviet relationship and to estimate its future course.

II. THE BASES OF THE SINO-SOVIET RELATIONSHIP

A. Evolution of the Relationship

10. The present Sino-Soviet relationship has been molded by an association—sometimes harmonious, sometimes discordant—of nearly 40 years' standing between the Communist Party of the Soviet Union and the Chinese Communist Party. Beginning with the founding of the Chinese Communist Party in 1921, the two groups shared a belief both in revolutionary communism, and in the goals of overthrowing existing Chinese regimes and destroying Western influence in China. It was to the interests of the USSR to sponsor the nascent Communist movement in China. To the Chinese Communist Party, in its early years a weak and disparate assortment of intellectuals, labor leaders, and military figures, the USSR was initially the only source of guidance and support.

11. There have been difficulties inherent in this relationship from the outset. Stalin's faulty comprehension of the Chinese scene led to a degree of misguidance that at times almost wrecked the Chinese Communist Party.¹ The USSR continued historic Rus-

¹ Chinese Communist media continue occasionally to criticize the course taken, especially in the years 1951-1954, by "misguided" Chinese leaders who "automatically copied foreign experience."

sian efforts to obtain special rights and influence in China. China lacked even the economic base and administrative-technical skills which the Bolsheviks inherited in the Russia of 1917. Marxism, which had once been transplanted to the Russian scene, then required even more radical adaptations to fit it to an agrarian Chinese setting.

12. These problems were fairly manageable as long as the Chinese Communist Party was only a revolutionary instrument for pulling down the existing Chinese state, but the situation began to take on a new aspect once the Chinese Communist Party had firmly established its authority in China. To a far greater extent than the Soviet Satellites, it won its victory by its own efforts. The Peking regime had developed its own sources of political and military power, independent of direct Soviet control. The terms of the Sino-Soviet Alliance (14 February 1960) accorded it special status within the Bloc, and it soon became clear that Peking could in some respects set its own course. Mao had already gained a reputation as a doctrinal innovator; the foundation had been laid for Peking to become a unique second source of authority in what had been a monolithic Bloc.

B. Underlying Forces

13. A number of very strong ties bind Communist China and the USSR. The leaders of both countries share a common core of philosophy and confront a common enemy. They join in perceiving the world powers as divided into two hostile camps and in placing their two countries on the same side. The Soviet and Chinese Communist leaders declare that there is an overriding need to preserve the unity of the Bloc in carrying on the struggle against the common enemy, and especially against its leading element, the US, the arch-enemy by definition.

14. Each nation derives great practical benefits from its association with the other. The USSR and Communist China both appreciate the great increase in strategic strength that derives from their alliance. Their possession of a large land mass fronting on two oceans obliges the West to disperse its military

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strength widely in opposing the Bloc. The fact that Communist China opposes the West in Asia immobilizes a considerable portion of Western armed forces, diverts Western political and economic assets, and enables Moscow to concentrate its forces elsewhere. It was demonstrated in Korea that in certain circumstances Chinese Communist armed forces may serve Soviet interests without necessarily involving Soviet armed forces in direct conflict with the West. For its part, Communist China has received economic backing and technical support which has been essential to its industrial development. It has also received guidance in the establishing and administering of a Communist totalitarian state, support from the Soviet Union in international forums, equipment for a powerful military establishment, and the protection of the Soviet nuclear capability.

15. Basic stresses, however, underlie the relationship. National identity—that is, the whole spectrum of peculiarly national interests and national characteristics—is a powerful separatist force. Russia and China are nations with long and proud traditions, and the Russians and the Chinese are very different peoples whose relations with one another have often been marked by enmity and reciprocal contempt. The Chinese Communists, in particular, continue to manifest traditional Chinese extreme pride and sense of superiority. Although both the Soviet and Chinese Communist leaderships preach that "nationalist thinking" is an evil to be overcome, their primary appeals to their publics are overwhelmingly keyed to national pride and aspiration. "Proletarian internationalism" has not bridged the gulf that exists between the heritages, cultures, and psychological outlook of the Russians and the Chinese.

16. The wide disparity in the development of the USSR and China as Communist societies also places important stresses on their relationship. The immediate needs and objectives of the two countries differ in many respects. Communist China is in the early stages of building an industrial base; it feels compelled to drive its people, squeeze its capital from their output, and prolong extreme

austerity. The prevailing mood is revolutionary. On the other hand, the relatively mature and affluent Soviet Union has reached the stage where it is giving greater attention to the working conditions and living standards of its people in order to achieve the planned expansion and qualitative improvement of its economy. In addition, the Soviet people almost certainly have an increasing stake in preserving the gains in living standards and freedom from terror that they have experienced since Stalin's death.

17. The greatly different status of the two partners in international affairs also exerts a separatist force. The foreign policy outlook of Communist China is heavily influenced by the fact that it does not itself play a central role in international councils and it lacks many of the attributes of the great power status it covets. Because of relative isolation in international affairs and its geographical position, Communist China is an Asian power with immediate interests concentrated in that area and with little opportunity or capability for realistically assessing the situation in the West. Its foreign policy aspirations are frustrated not only by Western opposition but also by Soviet restraints.

III. THE CHARACTER OF THE SINO-SOVIET RELATIONSHIP

A. Communist Relations

18. *Ideology.* The leaders of both countries draw upon the same Marxist-Leninist system of thought for their appreciation of international and domestic affairs. They share a common faith in the ultimate world triumph of communism, believing themselves to be riding the crest of inevitable historic development. They are unalterably opposed to what they consider to be the decadent system of capitalism, which has in their view reached its final stage in imperialism. They believe that their efforts can hasten the destruction of capitalism. In addition, the Soviet and Chinese leaders also agree that Communists must gain and hold power in other countries, and that a "dictatorship of the proletariat" must be established, led by the Communist Party, to oversee forced development of the

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economy through state planning and state ownership of the means of production.

19. In practice, however, the interpretation and application of ideological "truths" is at times a divisive force in the Sino-Soviet relationship. Although in both regimes all policies are conceived within the Communist frame of reference and some may be largely motivated by doctrinal concepts, we believe that most major policy decisions are primarily directed by practical considerations. In any case, every important switch and turn of policy in the Communist world must be accompanied by doctrinal justification. In the past few years both the Soviet and Chinese Communist leaders have endeavored to sanctify widely differing policies by citing selected excerpts from the vast and often contradictory mass of Communist scripture, claiming in the process that their leaders, Khrushchev and Mao, are "creatively developing" classic Communist doctrines. In this colloquy, Mao Tse-tung and his colleagues appear in a sense as fundamentalist "prophets" who consider that the "established church" has become too worldly and urbane, and that a return to original militancy is necessary for invigorating the common faith. Moreover, they deny status to Khrushchev as a great developer of communism on a level with Marx, Engels, Lenin, Stalin, and Mao. They appear to consider Khrushchev a second-generation Communist and a backslider from Leninism.

20. As long as Chinese policy initiatives and doctrinal pretensions were confined to relatively minor domestic matters, the Soviet attitude was favorable. However, as early as 1956 the Chinese began to make grand pronouncements on Bloc matters, and have since become increasingly assertive on both domestic and world affairs, differing flatly and openly with the Soviets on an increasing range of questions of doctrinal interpretation. The Soviet leadership is affronted by the departure from Soviet policy and the Chinese challenge to Soviet authority. Thus, Sino-Soviet debates on the proper interpretation of Communist scriptures reflect serious disputes both on fundamental policies and on the authority of the interpreters to formulate such policies.

21. In the past few years Moscow and Peiping have at times been in strong disagreement on a number of questions of ideological interpretation. Among these have been the Chinese emphasis on "uninterrupted revolution," the Chinese view that "contradictions" can exist between the leaders and the led in a Communist state, and the Chinese claim that political awareness is as important in stimulating productive effort as is a system of economic rewards. Although these matters are of considerable importance among Communists, they have been largely overshadowed by two especially significant areas of dispute. These concern ideological support for variant foreign policies and the theoretical "correctness" of the Chinese communes.

22. The most serious question of foreign policy for Moscow and Peiping is which policy should be followed toward the West and toward revolutionary movements outside the Bloc. In general, the Chinese interpret Leninist literature to justify a much harder and more aggressive line in these respects than does Khrushchev. The differences concern interpretation of the present historical epoch, the degree to which modern weaponry introduces new elements into the historical process, the proper definition of coexistence, the possibility of eliminating war, and, most importantly, the proper risks to be run. The USSR and Communist China publicly state their present bitter differences in ideological terms—which, among Communists, indicates that the dispute has become acute.²

23. The other principal dispute has concerned the Chinese Communist commune program, which runs completely counter to Khrushchev's plans for organizing and raising agricultural production in the USSR and Eastern Europe. Apparently without any previous discussion with the Soviets, the Chinese launched this radical program in August 1958. Individual comments in the controlled Chinese press built a crescendo of doctrinal claims which gave the impression that through the develop-

²These differences, as they apply specifically to foreign policy and to the world Communist movement are discussed below in paragraphs 22-24.

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ment of communes, the stage of "communism" was just around the corner in China. The Chinese thereby implied not only that they had found a way to get there ahead of the USSR and the rest of the Bloc, but that the Chinese Communist commune might well serve as a model for certain other countries.

24. Partly as a result of Soviet displeasure, the Chinese, toward the end of 1958, backed away from their more extravagant ideological claims for the communes. At the same time, internal considerations also dictated a number of retreats in the commune system. The Chinese accepted the Soviet position that no society could advance to communism without following the Soviet experience of greatly developed industry and high productivity, and they temporarily abandoned their claim that the commune idea was relevant to other countries. The initial Chinese assertiveness almost certainly played an important part in moving Khrushchev, at the XXII Congress of the Communist Party of the Soviet Union in February 1960, to make new ideological pronouncements of his own. These clearly seemed calculated to make unequivocal the primacy of the Soviet Union's position in the march toward communism, and at the same time to concede that all Bloc countries, including China, would achieve the ultimate goal of communism at approximately the same time.

25. The commune dispute has not yet been resolved. Soviet criticism of the communes has continued, and the Chinese Communists have moved slowly to regain some of the ground lost in their retreat of December 1958. In addition to reasserting the objectionable claims that the communes represent the beginnings of China's transition to communism and are relevant to other countries, the Chinese Communists have undertaken a program of urban communalization as well. Articles in the Chinese press have revealed, moreover, that the issue of Soviet experience and its relevance to the Chinese commune program has become a subject of dispute within the Chinese Communist Party and that opponents of the program have sided on Soviet criticisms and the Soviet example to buttress their own positions.

26. *Leadership Within the Bloc.* Peiping began to take an active, independent role in Bloc affairs in 1956. China's reluctance to go along fully with de-Stalinization, its initial encouragement of the Poles and Hungarians in 1956, and its criticism of Soviet "great power chauvinism" added to Soviet problems, even though Peiping subsequently supported Soviet actions in Hungary and assisted the Soviet leadership in reaffirming unity in the Bloc. More recently, the Chinese Communists have more directly challenged Soviet leadership by lobbying among representatives of other Bloc members against the course of Soviet foreign policy.

27. Nevertheless, Peiping continues to pay formal allegiance to Soviet leadership of the Bloc and world communism. The Chinese leaders accept the importance for Communist unity of a single locus of leadership, and they recognize that at least for the foreseeable future it must lie in Moscow. However, they have insisted that Soviet policies must reflect Chinese Communist interests and Peiping's views on certain fundamentals of Marxism-Leninism: in particular, (a) unremitting struggle against the clearly defined enemy (the US), and (b) more militant revolutionary policies in the world Communist movement.

28. The existence of an independent Chinese position on key issues encourages elements within the European Satellites to become more assertive. On a number of occasions, various satellites have failed to echo Soviet disapproval of Chinese statements and policies, and have sometimes given the Chinese open support.³ Initially there was some evidence of support in Eastern Europe, especially in Bulgaria, for the communal organization of the countryside. East Germany has been publicly

³For example, three weeks after the USSR had published its neutral stand on the Sino-Indian border dispute in the autumn of 1960, East Germany began public support of the Chinese Communist position. This lasted about six weeks, being abruptly switched on 9 November to match the Soviet position. Czechoslovakia for a briefer time gave even stronger support to Peiping on the border issue and had earlier joined Peiping in attacking Indian "imperialism" for causing the revolt in Tibet. North Korea and Albania gave early support to Peiping's opposition to Moscow's detente tactics.

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sympathetic with Peiping's praise of Mao's contributions to Marxism-Leninism, has emulated certain Chinese economic innovations, and has at times joined in criticizing the Soviet line of coexistence with the West. The Chinese *Red Flag* articles of April 1960 were almost certainly designed in part to encourage and support any party members who disagreed with Khrushchev's policies toward the West.

29. All three of the Asian Satellite areas—North Korea, North Vietnam, and Outer Mongolia—have strong historical and cultural ties with China, and the Chinese Communists have retained a keen interest in these areas. However, Moscow also has interests in these areas, and there appears to be a Sino-Soviet division of authority in these satellites. Moscow-dominated Communist regimes in Outer Mongolia and North Korea were an established fact by the time the Peiping regime came into being. Moscow continues to dominate these areas, although Peiping's influence in North Korea has appreciably increased since Communist China's intervention in the Korean War. Chinese influence is probably predominant in North Vietnam, but even in this case, Moscow has retained considerable influence. Both Moscow and Peiping have substantial economic aid programs in the Asian Satellites, with Soviet aid predominating in Outer Mongolia and North Korea, and the Chinese leading in North Vietnam.⁴ This division of authority is almost certainly a delicate matter, but we have no indication of serious Sino-Soviet frictions on this score.

⁴ Economic Assistance Commitments of Communist China and the USSR to the Asian Satellites, as of 11 July 1960:

	(Million US \$)	
	Communist China	USSR
North Korea	225	450*
Outer Mongolia	115	375*
North Vietnam	300	283
TOTAL	640	1,088

* Including debt cancellations amounting to \$125 million.

⁵ Including debt cancellations amounting to \$100 million, but excluding assistance committed in February 1960 for which no value has been announced.

30. *Leadership of Communism Outside the Bloc.* The Chinese Communists believe that their experience uniquely equips them to provide guidance to Free World Communist parties in the colonial or semicolonial countries, which in Communist parlance includes most of Asia, Africa, and Latin America. Communist China has recently made conspicuous efforts in these areas to increase its influence both with local Communist parties and with the non-Communist governments. In some of these countries, local Communists appear to be more receptive to Chinese than to Soviet guidance, and in some cases, at least, the USSR appears at present to favor an important role for the Chinese Communists. Nevertheless, Soviet influence remains dominant among the world's Communist parties. Even in non-Communist Asia, the three largest Communist parties—those in India, Japan, and Indonesia—still look principally to the USSR for guidance, although there is presently a tendency among their leaders to consult both Moscow and Peiping.

31. Despite the forcefully expressed differences of view in Moscow and Peiping regarding the tenor and pace at which communism should be pushed in the colonial or semicolonial countries, we have seen few signs of a Sino-Soviet struggle for dominance in these areas. It is probable that as long as there is a prospect of a workable compromise or reconciliation of views between Moscow and Peiping, neither wants to start a course of overt action abroad which might severely reduce this prospect. Nevertheless, if Sino-Soviet differences continue without a real settlement, instances of competitive efforts to guide Communists, front groups, and leftward-leaning neutralist governments are likely to become more frequent and increasingly sharp.

8. Strategic Relations

32. *World Outlook and Foreign Policy.* The Soviets and the Chinese Communists picture the world as now divided into three groups of states: (a) the Communist Bloc; (b) the anti-Communist, "imperialist" nations; and (c) the uncommitted nations and underdeveloped nations. They agree in viewing the latter group as affording the main opportunity for advance-

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ing the Communist struggle against the West, although constant pressure and efforts to erode the West's position in other areas continue. On these general questions the Soviets and the Chinese Communists agree. It is on questions of method, pace, and risk that they differ.

33. The Soviet leaders, headed by Khrushchev, believe that to push as forcefully for international Communist goals as Peiping desires is to take political and military risks which could jeopardize the achievement of those goals. The Soviets and the Chinese agree that Soviet advances in science and modern weapons have altered the world balance of power, but the Soviets are more concerned than are the Chinese over the possibility that "adventures" by the Communists could develop into a general war. Such a war, in the Soviet view, would be catastrophic to all participants, because of the destructive potential of modern weapons. The Soviets feel under these conditions that war should and can be avoided. In their view, the most effective approach for the attainment of world Communist goals is a flexible one, combining example, propaganda, and aid to existing regimes in newly independent countries (even though this involves cooperating in some cases with bourgeois nationalists) with subversion and on occasion the application of military pressure.

34. At the same time, internal factors in the Soviet Union reinforce Moscow's interest in avoiding serious risk of hostilities with the West. The Soviets strongly believe that their present economic plans, if unobstructed, will decisively strengthen the Socialist countries in competition with the anti-Communist group of nations, and will help considerably in demonstrating to all the superiority and desirability of the Soviet system. Moreover, current Soviet internal policies place stress on incentives, rather than coercion, and continued attention to the lot of the worker and peasant, whose production is vital to the program.

35. The Chinese believe that the Bloc should push more boldly and aggressively toward Communist world goals. They hold that Soviet achievements in advanced weaponry have so altered the world balance of power that

more forceful action should now be taken, even at the risk of local wars. In the Chinese view, if local war should develop into general war, not only would world communism triumph, but enough would remain of the world to make the victory worthwhile. Any relaxation of tensions meanwhile will dull Communist fighting spirit and allow the West a breathing space in which to prepare for war against the Bloc. The Chinese Communists are thus less inclined than Moscow to favor negotiations as a tactical method of struggle against the West.

36. The Communist Chinese not only consider the US as their prime enemy on ideological grounds, they also consider the US an immediate national enemy which is preventing them from gaining Taiwan and thus completing their victory in the Chinese civil war. They also consider that the US is blocking the expansion of Chinese Communist influence in Asia and in international affairs generally. This causes Peiping's enmity for the US to be more passionate and inflexible than is the case in Moscow. The "hate America" spirit which pervades Peiping's propaganda is also useful in justifying sacrifices by the Chinese people.

37. The Chinese also hold that many of the "oppressed peoples" of Latin America, Africa, and non-Communist Asia are ready for nationalist revolution, and that wars against "imperialist oppression" in these areas are inevitable, just, desirable, and deserving of Bloc encouragement and support. Although it may be expedient to support bourgeois national revolutions in these areas, revolutionary pressure should be applied where the opportunities exist and the bourgeois national regimes replaced by Communist ones as soon as practicable. They place less emphasis than do the Soviets on the possibility of attaining Communist power by parliamentary or other means short of armed revolution.

38. These differences have been building up since late 1957 and reached considerable dimensions in October 1959 when Khrushchev's speeches in Peiping clearly implied disapproval of Communist China's truculent foreign policy. They became openly bitter in April 1960 with the Chinese attacks on Soviet detente tactics preceding the Summit. Although the

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failure of the Khrushchev-inspired Summit brought joy to Peiping, the Chinese Communists continued to criticize Soviet policy and lobbied for their own cause before such bodies as the World Federation of Trade Unions. In the Chinese Communist view, proof of the validity of its great expectations from a generally hard line is to be found in recent revolutionary events in Korea, Turkey, and Japan, which Peiping interprets as blows against US-supported reactionary regimes and indications that the natives are restless.

39. At the Bloc conference in Bucharest in June, the USSR apparently outlined its harder and more militant line toward the West, including at least temporary abandonment of negotiations as a major tactic. This switch to harsher tactics had probably been motivated in part by the Chinese Communist attitudes on world policy, and the Soviets probably attempted at Bucharest to extract in return Peiping's promise to fall in line with Moscow on ideological and other questions. The change in Soviet tactics may have partially assuaged Chinese Communist discontent with Bloc foreign policy. Such accommodation as may have been reached in recent weeks, however, almost certainly does not eliminate the basic factors which originally led to differences.

40. *Borderland Areas.* There has been considerable enmity in Russian-Chinese history regarding the borderland areas of Sinkiang, Mongolia, and Manchuria, and we believe that some sensitivity may continue on this score. The USSR secured Outer Mongolia as a puppet in 1924, and acquired temporary hegemony in Sinkiang province in the 1930's and 1940's. In ousting the defeated Japanese from Manchuria in 1945, the Soviets reclaimed part of Tsarist Russia's special rights concerning Dairen, Port Arthur, and the Manchurian railroads. They also sacked the Manchurian industrial complex of over three quarters of a billion dollars worth of plants and equipment. Since the Communist takeover of China, however, and especially since the USSR gave up its special status in Manchuria in 1955, these issues appear to have played little noticeable role in Sino-Soviet relations.

C. Military Relations

41. *The Military Alliance.* Since its inception in 1950, the Sino-Soviet Alliance has had an important military component. Although its text¹ is focused on Japan, both Moscow and Peiping view their military alliance in broader terms. For example, the Chinese Communists have stated in effect that they would enter any hostilities involving the Warsaw Pact; and the Soviets, in making supporting statements during the 1958 Taiwan Strait crisis, specifically referred to their commitment to Communist China under the 1950 treaty. The existence of the alliance greatly increases the military power of the entire Bloc and enhances the position of each power in world affairs.

42. Despite the existence of the military alliance and the high degree of materiel standardization of the Soviet and Chinese Communist armed forces, there has been no evidence of joint maneuvers of Sino-Soviet forces, land, sea, or air. They do, however, coordinate their air defenses. We lack direct evidence and are unable to ascertain the scope and nature of Sino-Soviet joint military planning. The Chinese continue to stress the military thought of Mao, and some Chinese military leaders have occasionally been criticized for following alien (Soviet) military doctrine too closely. There also appears to be little intimacy or a camaraderie between Soviet and Chinese military personnel.

43. *Communist China's Dependence on the Soviet Union.* Communist China attaches great importance to its military alliance with the Soviet Union. The protection provided by the military alliance with the USSR in 1950 enabled the Chinese Communist regime to set out upon its ambitious domestic programs with little fear of outside molestation. Lack-

¹ The formal basis for military cooperation was established by the Treaty of Friendship, Alliance and Mutual Assistance, of February 1950. This treaty, which is valid until 1980, provides that if one of the parties should be "attacked by Japan or any state allied with it, and thus be involved in a state of war, the other contracting party shall immediately render assistance with all means at its disposal."

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ing a nuclear strike capability of its own, Peiping obtains increased foreign policy maneuverability from Soviet possession of modern nuclear weapons. China has relied almost entirely on Soviet material to convert its primitive mass army of 1949 into a powerful semimodern army, backed by a sizable jet air force and a navy with more than a score of medium and long-range submarines. Military deliveries from the USSR appear to have declined as Communist China has increased its armament production capability,^{*} but Peiping is still heavily dependent on the USSR for many items which are essential to the maintenance of its present military establishment and to the further development of its modernization program.

44. *Nuclear Weapons and Missiles.* Communist China is totally dependent upon the USSR for military support with nuclear weapons and missiles. We believe it unlikely that the Soviets have stationed nuclear weapons in China, but even if they have, such weapons would almost certainly be held under strict Soviet custody. The USSR could give China nuclear weapons from its own stockpile, but it almost certainly has not done so, and we do not believe that the Soviets intend to do so within the foreseeable future. Similarly, we have no evidence that the USSR has equipped the Chinese with surface-to-surface ballistic missiles. There are indications, however, that the Chinese may have received some Soviet air-to-air missiles.

45. The USSR is aiding Communist China in basic nuclear research, but such aid does not appear to include direct assistance in fissionable materials production or nuclear weapons development. The Chinese are currently dependent on the Soviets for supplies of slightly-enriched uranium and heavy water for the research reactor which the USSR made available to Peiping in 1958. In the same

manner, the development of uranium mines and processing plants under way in China for several years is also a product of Soviet scientific and technical assistance.

46. The USSR is almost certainly reluctant to see the Chinese Communists acquire nuclear weapons under their own control. Probably the most important consideration to the Soviets is that Chinese acquisition of a nuclear weapons capability would reduce Soviet leverage in controlling Chinese independent action, particularly action which might involve China in hostilities with the US. At the same time, the Chinese desire to achieve a nuclear weapons capability is very strong. Attainment of even a minimal capability would not only greatly augment Chinese military and technological prestige throughout the world, particularly in Asia, but would also enlarge Chinese freedom of action in pursuing their national objectives.

47. We are unable to assess with confidence the impact of these fundamentally opposing interests upon the Sino-Soviet relationship. We do not believe that either party wishes to push its own concern to a point where this issue will irreparably damage their relationship. On the other hand, given the key importance of the problem to both sides, this issue is almost certainly a source of friction. We believe that the Soviets are deliberately moving slowly in assisting the Chinese to acquire a nuclear weapons capability, while seeking to hold Chinese impatience and discontent at a level consistent with the best interests of the Sino-Soviet relationship. At the same time, the USSR has probably given the Chinese generalized assurances of Soviet protection with its nuclear weapons capability.

48. Although we cannot estimate the likelihood of such a development, it is possible that the Soviets may decide to assuage the Chinese desire for a nuclear weapons capability by providing the Chinese with a simple nuclear device and assisting them in detonating it. This would enable the Chinese to claim they had acquired a nuclear capability and to derive great prestige benefit from a widely publicized detonation. Although this action would probably assist the Chinese somewhat

^{*}From 1950 through 1955 about \$230 million in military deliveries to China were financed by Soviet loans. All deliveries since have been on a cash basis, and the Chinese have repaid over half the amount loaned. Most of the material consumed in the Korean War was probably donated by the USSR, while China supplied the manpower. See also Annex C.

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in their nuclear weapons program, it would not, for the Soviets, run the risk of greatly accelerating the Chinese attainment of a separate nuclear weapons capability. Such an arrangement might permit the Soviets to delay further in providing the more advanced assistance the Chinese would need to obtain a nuclear weapons capability.

49. Chinese attainment of the capability to detonate their own nuclear device in the near term, say within two or three years, rests almost entirely upon the nature and extent of Soviet aid. If Soviet aid continues at its present apparent pace and character, the Chinese might attain the capability to detonate their own nuclear device by about 1964. However, if the Soviets have, in response to Chinese pressure, provided a great deal more aid than we have detected, a nuclear device of Chinese manufacture might be detonated a year or two earlier. Given direct Soviet supply of designs and fissionable material, and assistance in fabrication of the device, a nuclear detonation could be produced in China at almost any time in the immediate future. Even after the Chinese do test a device, it would take them several additional years to produce a small stockpile of weapons, since they do not possess the requisite highly advanced scientific, technical, and industrial establishment.

50. *Disarmament, Test Bans, and Atom-Free Asia.* The USSR's dramatic gestures toward unilateral reduction in armed forces have not been imitated by the Chinese. Peiping has praised the Soviet decision, but has defended its present force levels, and has made clear its belief that true disarmament is impossible prior to the universal triumph of communism. Proposals for an "atom-free zone for Asia"¹ have also received occasional Chinese Communist propaganda support. That they are considered by the Chinese to be nothing more than propaganda is indicated by Peiping's insistence that no treaty with the West can be meaningful.

¹This is the popular catch phrase for the idea of banning all nuclear weapons, development, and production from Asia. It also has been presented as for "Asia and the whole Pacific Basin," "Asia and Africa," and other forms.

51. Peiping has stated that it favors the cessation of nuclear testing and has given propaganda support to the Soviet position in the test ban negotiations. If these negotiations should approach agreement, we believe that Peiping would make its adherence conditional on certain demands on the West and probably also on the Soviet Union. Peiping might set these demands so high—for example, on such matters as UN seating, the Taiwan question, and US bases in the Far East—as to make it unlikely, in Peiping's view, that the West would accept them. On balance, however, we believe that there would be prior Sino-Soviet discussions and that the Chinese would not have as their major goal the sabotaging of an agreement against Soviet wishes.

D. Economic Relations

52. *The Economic Model.* For the first few years of its existence, Communist China closely followed the Soviet course of economic development and relied upon the advice of Soviet experts for the planning and direction of its own economic plans. By about 1957, however, the Chinese Communists had recognized that the Soviet model was not adequate to meet the conditions existing in China. During the next few years, therefore, and most dramatically in 1958, the Chinese introduced economic policies that had no counterpart in Soviet practice and which, in some cases, dismayed the Soviets. The Chinese innovations, according to their own formulation, consist of three major policies: the communes, the "great leap forward," and "walking on two legs" (i.e., accompanying the rapid development of big industry with the concurrent development of vast numbers of small local plants and the use of simple equipment, and also the simultaneous development of agriculture and industry). These new policies were added to, but not substituted for, the Soviet capital-intensive model.

53. *Economic Benefits.* Economic cooperation between Communist China and the USSR has been an important aspect of their rela-

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tionship ever since the Peiping regime was established. Both parties have benefited from this cooperation, although the economic effect on the Soviet Union has been much less than that upon China. The Soviet Union has exported a very small part of its industrial output to China (never more than two percent) in exchange for foodstuffs and industrial raw materials. Soviet importation of products requiring high labor input in exchange for goods requiring low labor input has aided its labor-short economy.

54. Chinese gains from this exchange have been much greater. The Chinese have benefited in all fields from support provided by Soviet technology and science. Soviet know-how in economic organization, finance, industrial engineering, and in science has been invaluable. The machinery and technical assistance received from the USSR and the Eastern European Satellites in the past decade have been vital to Communist China's industrialization program. Given the unavailability of Western materials, it would have been otherwise impossible for China to have achieved the extremely high rate of industrial growth (28 percent annually) which we estimate it attained through 1950-1958. China's economic ties to the USSR and the Bloc are obviously strong.

55. The USSR has made available for purchase by China 291 major installations, valued at more than \$3 billion. About one-half of these installations, which form the core of China's industrial development program have been completed and are now in operation.^a Soviet trade has been of particular value to China in that it has meant guaranteed deliveries of investment equipment, industrial raw materials, transport equipment, and petroleum products. Soviet support also has been extended in the form of modern technology, the services of Soviet experts, and loans of about \$1.3 billion, 1950-1956, of which \$430 million was for economic development and the remainder primarily for military purchases.

^a See Table 1.

TABLE 1
USSR PROJECT CONSTRUCTION AGREEMENTS
WITH COMMUNIST CHINA, 1950-1959

Date of Agreement	Economic Credits (Million US\$)*	Number of Projects	Value of Complete Sets of Equipment* (Million US\$)*
February 1950	306	50	1,300 ^a
September 1953	0	91 ^b	
October 1954	130	13	109
April 1954	0	56	925
August 1955	0	47	N.A.
February 1959	0	78	1,250
Total	436	291 ^c	3,275

* Converted from rubles at the official rate of 4 rubles to US \$1.

^b Including technical assistance related to these projects.

^c Agreement signed to deliver equipment for a total of 141 projects.

^d This sum includes the value of equipment and technical assistance for all of the 141 projects contracted through September 1959.

^e The Chinese announced in April 1959 that the 211 major Soviet assisted projects agreed upon through April 1956 were reduced in number to 166, as a result of merging of some projects during their construction.

56. The Sino-Soviet economic relationship has been conducted in extremely business-like terms. The USSR has at no time given China financial grants; indeed, China has committed more in economic grants and credits to other countries than it has received in economic loans from the USSR. Since Soviet credits expired in 1956, China has paid for all its imports from the USSR with current exports. In order to repay previous credits, China since 1956 has annually shipped more goods, by value, to the USSR than it has received from it.^a We believe that the terms, and possibly even the level, of Soviet aid and trade are sore points for Peiping. The Chinese leaders probably find it difficult to look with equanimity on fairly sizable Soviet aid to neutral states while China has had to deny itself

^a See Figures 1 and 2.

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needed foodstuffs and other goods in order to pay for such Soviet aid as it receives.¹⁹

57. The Chinese Communists have no intention of participating in any scheme for economic integration, such as CEMA, which would gear their economy to that of the USSR and make them more dependent on Moscow. To the contrary, they are determined to develop as complete and autarkic an economy as possible, and, in view of the vast economic potential of China, they regard the development of all major industries, rather than specialization in a few, as the more realistic policy. The Soviets appear to accept this approach as proper for China at this time. It is probable, nonetheless, that specific aspects of economic cooperation and the exchange of goods and services within the Bloc have occasioned some friction in Sino-Soviet economic relations.

E. Summary Analysis of the Sino-Soviet Relationship

58. The nature of the Sino-Soviet relationship cannot be described in simple terms. No single descriptive term characterizes the behavior of the two Communist states toward one another or their joint demeanor toward the rest of the world. The two countries do not, to take an extreme example, conduct themselves as though they comprised a solid, unitary bloc, a Communist monolith which disregards national boundaries and interests and pursues Leninist precepts in perfect consonance. They do not, at the opposite extreme, behave in the manner of classical nineteenth century great powers, viewing their problems and their relationships strictly from the viewpoint of national interests. Instead, their relationship occupies a position somewhere between these poles and contains elements of both. The Communist ideology

which pervades their relations both modifies the urgent nationalism of the two countries and is in turn modified by national considerations.

59. The Sino-Soviet relationship also does not display uniform cohesion in all respects. Varying degrees of intimacy and cohesion are exhibited in the relations of the two powers in ideological, foreign policy, economic, and military affairs. In economic matters, for example, the USSR and China are pursuing long-term programs which have among their goals the industrialization of China and the growth of Sino-Soviet economic strength. At the same time, the two countries transact the actual business of exchanging Soviet industrial products for Chinese agricultural and mineral products on terms which closely resemble trade negotiations in the capitalist world. In military affairs, the two powers have undertaken to modernize the Chinese military establishment and presumably seek to increase their combined power in support of the military alliance. Yet, the military relationship between the USSR and Communist China is not as close as that between the US and its NATO allies. Moreover, in the keen Chinese desire to obtain a nuclear weapons capability there is a strong potential for disunity.

60. The Sino-Soviet relationship appears most solidly unified on matters of broad Communist objectives. On the central core of Communist thought—the view of a world divided between capitalist-imperialist and socialist-proletariat camps, the belief in the eventual triumph of communism everywhere, and the faith in Marxist-Leninist precepts as a basis for building a new human society—China and the USSR appear in firm agreement. However, in the interpretation and application of these broad beliefs and concepts the two Communist states diverge in many respects, and, as they have demonstrated in recent months, they can on occasion disagree sharply and quite fundamentally. Paradoxically, the very Communist ideology which joins the two powers together also provides a source for disagreement and potential disunity.

¹⁹In comparison with Soviet economic loans to China of \$430 million, 1950-1959, the USSR since 1960 has extended loans or grants, for economic development, of \$684 million to India, \$931 million to the UAR, and \$211 million to Afghanistan. To date, however, the utilization of these Soviet offers has amounted only to the following: India, \$120 million, the UAR, \$86 million, and Afghanistan, \$80 million.

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61. In the realm of foreign policy, relations between the two Communist powers display on occasion a striking lack of cohesion and uniform direction. They find in their common enmity to the US a single point of departure, but in their approach to the US and in other foreign relations, notably in dealing with influential neutral powers, they sometimes take quite different paths. The actions of Communist China toward India and Indonesia during the past year clearly embarrassed the USSR and were unmistakably out of key with the tone of coexistence and detente the Soviet regime was then seeking to establish. It is impossible to advance any analysis of such behavior as the single correct one, but it appears most likely that the Chinese on these occasions were motivated more directly by considerations of their national interest than by concern for Bloc harmony and unity.

62. Divergences in foreign policy derive both from differing national interests and from doctrinal differences between the two Communist states. The Chinese differ sharply with the Soviets as to the pace, vigor, and manner of combating the West; Peiping clearly disdains the slower, more subtle formulas of Khrushchev. Some lack of harmony also exists in the approach of the two Communist powers to the methods and short-term goals of establishing communism in neutral and undeveloped countries.

63. In sum, the Sino-Soviet partnership is not a monolith but a structure of several kinds of relationships which vary in strength and intimacy and contain within themselves elements of both cohesion and division. Though joined by Communist thought, the partnership is subject to many of the separatist forces that have traditionally confronted alliances and coalitions. The future of this relationship will be determined by the interplay of these elements and the success of the Communist leaders in containing conflicting forces.

IV. PROSPECTS

64. We believe that the cohesive forces in the Sino-Soviet relationship are stronger than the divisive forces and are likely to remain so throughout the period of this estimate at

least. It is probable that for some time to come both the Soviet and Chinese leaders will value the alliance so highly that they will make strong efforts to keep discord from wrecking it. There will be a powerful tendency on each side to stop short of any irrevocable act which would force a permanent split.

65. The strongest of the cohesive forces throughout this period will be a mutual awareness of the heavy damage to their national interests and to the Communist cause which a substantial impairment of the alliance would inflict. The two partners will almost certainly continue to share a common hostility to the West and a belief that through their common effort in advancing international communism they can someday participate in dominating the world. Their relationship will also continue to find cohesion in the political, economic, and military advantages each receives. This will have particular force for the Chinese who, in view of their continuing military and economic dependence on the USSR, will probably feel that they have no genuinely acceptable alternative to maintaining their alliance with the Soviets.

66. Divisive forces will continue to be present, however, and may increase. The distinct national characteristics and the disparate developmental stages of the two states discussed in this estimate will continue to exert a disruptive force. Judging from the experience of recent years, there will continue to be a trend, though a somewhat uneven one, toward modifying the more arbitrary and stringent features of Soviet society and institutions; the Chinese Communists, however, will still be in the throes of forcefully engineering a vast economic and social upheaval with all the internal tensions this entails. Communist China's relative weight in the Bloc is likely to grow over the next five years. This growth will diminish the leverage Moscow can bring to bear through Peiping's military and economic dependence. Peiping's foreign policy outlook will probably continue to be less flexible and more aggressive than Moscow's, and this will at times place heavy strains on the relationship. Peiping will be more inclined to pursue its own interests and to question Soviet leadership than during the first decade of the alliance.

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67. The future nature of the Sino-Soviet relationship will be shaped in part by developments which cannot be known at present: changes in Soviet or Chinese Communist leadership; the compulsions or restraints which developments within the USSR and China will exert on the respective leaderships; the strength and policies of the West; the opportunities which occur for the Communist movement throughout the world; and the failures and successes of various Communist ventures.

68. The interplay among these contingent developments and the broad forces of cohesion and division in the Sino-Soviet relationship will determine its precise future form. We do not rule out the possibility that the two powers may either come to an open break or reach a more fundamental integration of interests than now exists. We believe it much more likely, however, that there will be no fundamental reconciliation of differences, that discord will ebb and flow, and that substantial though not complete cooperation between Moscow and Peking will continue. Complete unity appears inherently improbable between two centers of vigorous Communist authority and national pride, each backed by so much power as to make it difficult for either one to impose its will on the other and each having strong reasons for continuing to hold its own views. At the same time, such discord is unlikely to force the USSR and Communist China so far apart that they cease to look to each other for support in their common drive against the West.

69. The tensions inherent in the Sino-Soviet relationship could eventually lead to a basic reformation of the structure of the Bloc. It is even possible that the Sino-Soviet relationship will begin to take on more of the aspects of a traditional alliance between two powerful nation-states, perhaps extending to the development of tacitly acknowledged spheres of influence. In any event, over the next five years the growing duality of power in the Bloc will become increasingly incompatible with present Bloc structure which has been based on a single source of authority. As a consequence, quick and effective coordination of policy against the West may become

more difficult. Moscow may face difficulties in successfully denying its European allies an increased measure of authority and initiative and in preventing satellite officials from attempting to use Sino-Soviet differences as leverage against Moscow. The cohesion of the world Communist movement may suffer as a result of confusing and at times contradictory counsel from both Moscow and Peking and of probable Chinese attempts to increase its influence in the guidance of other Communist parties.

70. The interplay of Sino-Soviet differences may well have an important effect on Bloc policies toward the West. Elsewhere we have estimated that the Soviets are likely, during the next few years, to mingle elements of accommodation and of pressure in their foreign policy. The Chinese will seek to minimize the former and maximize the latter. This tendency will be particularly strong in matters directly related to Communist China's national interests, especially those concerning the Taiwan question and Peking's position in the international community. We do not believe that their efforts will decide the course of Soviet policy, but they will influence it. The Soviets will not be quite as free to reach agreements with the US, if they wish to do so, as they would be if they were not allied to the Chinese. Moreover, Chinese Communist pressure may at times cause the Soviets to pursue a more militant course toward the West than the Soviets would otherwise choose on tactical grounds.

71. Since the Sino-Soviet alliance is a changing and evolving relationship, it offers possibilities for favorable as well as unfavorable developments from the US point of view. Stresses and strains weaken the hostile combination, and possibly can be exploited to the advantage of the West. Public manifestations of Sino-Soviet disagreement damage the facade of Communist unity and diminish, to some degree, the forward thrust of world communism. Nevertheless, despite these mitigating considerations, the threat which the Sino-Soviet allies pose to US security and US interests is of great dimensions, and we believe that it is more likely to increase than to diminish during the period of this estimate.

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ANNEX A

THE IMPACT OF SOVIET TRADE AND TECHNICAL ASSISTANCE
ON COMMUNIST CHINA'S ECONOMY

1. During the past 10 years, actual Soviet deliveries to Communist China of complete installations and other capital equipment have amounted in value to more than \$2 billion. In a series of agreements negotiated since 1950 the USSR has agreed to provide China with complete installations for 291 major projects, which form the core of China's industrialization program. These projects include complete sets of factory equipment for the large, modern, industrial plants—steel mills, a large petroleum refinery, aircraft and truck factories, and machine-building plants—and electric power installations, which form the core of the Chinese industrial development program. About one-half of these installations have been placed in full or partial operation. By importing complete factories from the USSR, China has received a relatively standardised basic plant and has gained the advantage of integrated planning by experts who are familiar with the demands of a socialist planned economy. These are not "aid" projects in the sense of economic grants, but they have helped China's industrial growth greatly by providing long-range guaranteed deliveries and by providing ready availability of modern Soviet technology and the services of Soviet experts who have supplied necessary guidance in all phases of plant construction and initial operation. The Soviet role in building these projects was especially comprehensive during the First Five-Year Plan (1953-1957).

2. The Chinese now claim to be more capable of coping independently with the building of modern industrial plants, and perform much of the planning and construction work on aid projects formerly done by Soviet experts. As

the Chinese advance in technical competence, however, they are attempting more complex types of production—aircraft, electronics equipment, and steel-making equipment—and Soviet assistance continues to be vital, although on a much higher technical level.

3. Soviet "aid" has taken various forms. The USSR loaned China about \$1.3 billion, 1950-1956, of which \$430 million was for economic development and the remainder primarily for military purchases. The credits had been almost fully utilized by 1956 and China now has repaid about two-thirds of the total indebtedness. A vast amount of Soviet technical data appears to have been made available free of charge over the past decade. The USSR has sent technicians and equipment which were in some cases in short supply at home. It has also coordinated its shipments with China's development programs and has been willing to make economic commitments years in advance.

4. China has also benefited from the extensive economic relations it has formed with the Eastern European Satellites, particularly Poland, East Germany, and Czechoslovakia. Agreements have been negotiated with certain of these countries calling for technical assistance and equipment for the construction in China of at least 100 large industrial installations, about two-thirds of which have been finished and placed in operation. Including these projects, the total value of machinery and equipment paid for and received by China during 1950-1959 from the European Satellites was about \$1.7 billion, approximately 40 percent of China's imports of these items from all sources.

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5. Figures for the First Five-Year Plan indicate that the joint projects involving Soviet capital equipment and technicians, but also Chinese materials, equipment, and labor, accounted for 44 percent of all state investment in industry during that period. In absolute figures, China invested 11 billion yuan¹¹ in Soviet projects during the First Five-Year Plan out of a total industrial investment program of 25 billion yuan.

6. The original Second Five-Year Plan proposals, which continued the emphasis on large-scale industry and on the Soviet-assisted industrial construction projects, probably were based on the assumption that the proportion of state industrial investment in Soviet-assisted projects would be maintained at about the level of the First Five-Year Plan. The leap forward drive, however, which greatly increased investment in small-scale home-grown industries, has radically changed the pattern of investment. The trend established in 1958 and 1959, and in the 1960 plan suggests that industrial investment during the Second Five-Year Plan may be twice as large as originally planned—100 instead of 50 billion yuan. Meanwhile, investment in Soviet-assisted projects, even though it seems to have been expanded, probably will not exceed 25 to 30 billion yuan. According to these figures, the proportion of investment in Soviet-assisted projects to total industrial investment will

decline from 44 percent during the First Five-Year Plan to about 25 to 30 percent during the Second.

7. In addition to equipment for the 291 Soviet-assisted projects, China imports from the USSR a substantial additional amount of investment equipment and other items for industrial plants not included in the assistance agreements. Also vital to the running of China's economy are imports of Soviet industrial raw materials, transport equipment, and petroleum products.¹²

8. Petroleum products from the USSR are of particular importance, for even in 1959 Communist China's domestic production was able to meet only about half of its requirements, and more than 90 percent of its total imports were obtained from the USSR. Out of total imports of 3.3 million tons of crude oil and refined petroleum products in 1959, aircraft fuels and other fuels and lubricants for military uses may have comprised about 1 million tons. For these products China is still almost wholly dependent upon foreign supplies. In spite of considerable growth in domestic production of crude oil and in domestic refining capacity expected in the next five years, China's demand is growing so rapidly that annual petroleum imports are expected to rise to about 5 million tons in 1965. Imports will continue to consist mainly of refined petroleum products including a sizable quantity of military fuels.

¹¹ This figure includes the value of the investment goods imported from the USSR for these projects.

¹² For a commodity breakdown of Sino-Soviet trade, 1960-1962, see Table 2.

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TABLE A-3
IMPORTS BY COMMUNIST CHINA FROM THE USSR AS REPORTED BY THE USSR: 1950-1958

Million US \$ and Percentages										
Imports	1950 ^a		1951 ^a		1952 ^a		1953 ^a		1954 ^a	
	Value	%	Value	%	Value	%	Value	%	Value	%
Equipment and machines ..	41	11	105	23	157	28	151	23	199	26
Complete installations ...	(1)	(0.2)	(23)	(7)	(41)	(7)	(49)	(7)	(93)	(12)
Ferrous metals	20	5	50	10	65	12	65	10	85	12
Nonferrous metals	3	1	17	4	15	3	14 ^c	2	22	3
Petroleum and petroleum products	11	3	39	8	33	6	45	6	45	6
Paper	4	1	11	2	17	3	9	1	6	1
Miscellaneous ^b	23 ^d	6	51	11	19 ^d	4	19	3	25	3
Unaccounted for ^c	266	72	299	43	245	44	391	56	374	49
Total	368	100	476	100	554	100	606	100	759	100
Imports	1955		1956		1957		1958			
	Value	%	Value	%	Value	%	Value	%		
Equipment and machines	239	31	305	42	272	50	315	50		
Complete installations	(142)	(19)	(217)	(30)	(209)	(38)	(166)	(26)		
Ferrous metals	75	10	81	8	33	6	51	10		
Nonferrous metals	13	3	15	3	6	1	16	3		
Petroleum and petroleum products ...	75 ^d	11	86	12	99	17	92	14		
Paper	7	1	6	1	3	1	neg	neg		
Miscellaneous ^b	15	2	15	2	15	3	31	14		
Unaccounted for ^c	237	43	242	33	123	23	114	18		
Total	745	100	733	100	544	100	634	100		

^a All data contained in this table are from source ^a, except where otherwise indicated.

^b ..
^c ..
^d ..

^b Including such categories as chemicals, building materials, pharmaceuticals, and cultural and consumer goods.

^c Representing the value of goods not listed by Soviet sources and believed to be primarily of military and strategic origin.

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TABLE A-3 (Continued)
EXPORTS FROM COMMUNIST CHINA TO THE USSR AS REPORTED BY THE USSR - 1950-1958

Million US \$ and Percentages										
Exports	1950 ^a		1951 ^a		1952 ^a		1953 ^a		1954 ^a	
	Value	%	Value	%	Value	%	Value	%	Value	%
Raw materials of agricultural origin	87	24	86	25	125	30	122	25	116	29
Foodstuffs	22	12	23	7	57	14	80	19	149	28
Raw materials of animal origin	10	5	17	5	22	8	13	3	25	4
Nonferrous and alloy metals	29	11	44	14	73	18	101	21	107	19
Textile raw materials	17	9	30	9	29	9	55	12	56	10
Textiles	N.A.	N.A.	4	1	15	4	17	3	37	6
Miscellaneous ^d	52	27	129	38	73	17	75	16	88	15
Total	188	100	322	100	414	100	475	100	578	100
Exports	1955		1956		1957		1958			
	Value	%	Value	%	Value	%	Value	%		
Raw materials of agricultural origin ..	130	29	139	18	129	18	102	12		
Foodstuffs	179	28	201	26	128	17	219	25		
Raw materials of animal origin	22	3	29	3	21	3	22	3		
Nonferrous and alloy metals	119	18	129	16	142	19	122	14		
Textile raw materials	80	9	88	8	49	7	28	4		
Textiles	59	9	96	12	139	18	194	22		
Miscellaneous ^d	78	12	117	16	123	18	182	21		
Total	944	100	794	100	739	100	891	100		

^a All data contained in this table are from source ^a, except where otherwise indicated.

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^d Miscellaneous includes industrial goods, industrial raw materials, chemicals and rubber, and cultural and consumer goods.

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9. The trend toward greater Chinese self-sufficiency is also characterized by the growth of the Chinese machine-building industry. Although China must continue to rely entirely on imports for some types of machines, it officially claims that it is now able to fulfill from internal production about 80 percent of its overall requirements for machinery, as compared with a production rate during the First Five-Year Plan which met only 60 percent of such requirements. This advance has not been uniform in all lines of production, however, and much of the additional machinery produced in China has been of simple types, for example, irrigation pumps for agriculture, or simple equipment for small factories.

10. The impact of Soviet equipment on Communist China's economy has been greatly enhanced by the employment of a large number of Soviet experts, most of whom have been on Chinese Communist payrolls or included in the cost of the Soviet assistance to major aid projects. By late 1959 about 11,000 Soviet economic and technical experts reportedly had worked in China at one time or another. These experts have included not only top-notch Soviet industrial specialists but also economic advisers who have helped formulate economic planning in all sectors in the Chinese economy. In the past two or three years the number of Soviet technicians has dwindled, and the remaining technicians are mostly in the background as technical advisers and

trouble shooters rather than as managers and operating engineers. Another mechanism for transmitting Soviet technology to Communist China has been the training program for Chinese students in the USSR. By 1958 China reportedly had sent 14,000 students to the Soviet Union for study and 38,000 individuals to Soviet industrial establishments for on-the-job training. Most of those receiving practical training were assigned to plants similar to ones under construction in China, to prepare them for serving as the initial group of skilled workmen and technicians in newly completed Chinese factories.

11. Although less tangible than technical assistance in the form of expert advice and training, Soviet transfers of technical information have been of considerable importance in the industrialization program of Communist China. Under the Sino-Soviet Scientific and Technical Cooperation Agreement of October 1954, the USSR has provided China with blueprints for the construction of 600 kinds of factories and enterprises, designs for 1,700 sets of machinery and equipment, and substantial information on production processes. Additional agreements for further technical cooperation were negotiated in 1958 and 1959, for application during the Second Five-Year Plan (1958-1963). Knowledge and data obtained in this manner from the USSR have been useful to China even on projects with which the USSR has not been involved.

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ANNEX B

SINO-SOVIET SCIENTIFIC AND TECHNOLOGICAL RELATIONS

A. Scale and Nature of Communist China's Dependence on the Bloc

1. Communist China is capable, without organized foreign aid, of gradually expanding its scientific and technological capabilities, utilizing a small group of very able Chinese scientists who have access to the international literature in their fields. To reach world levels of effort in a significant number of selected fields by 1967, the Chinese would require considerable outside aid, particularly in advanced academic training. The dependence at present, however, is for the most part at everyday, practical levels. Aid is required, for example, for organizing the national research establishment, planning a research program, providing the latest in scientific know-how and solving problems quickly, furnishing materials for research, and training new scientists. As progress is made, personnel at increasingly higher scholastic and scientific levels will be sought. This pattern has been followed in other countries and is not new. To date, the Chinese have requested aid from the Soviet Union and other Bloc countries in a wide variety of fields and have received aid in a number of them. The Chinese also have followed Western technological developments and made use of them as far as practicable.

B. The Scale, Nature, and Terms of Soviet Assistance

2. By 1958, the Soviets had largely satisfied the Chinese need for organization, planning, and undergraduate education. Most of the aid was on a practical level with little participation in research and development. Personnel furnished up to this time were primarily teachers, short-term lecturers, advisors,

and industrial types. Starting in 1958, a few hundred researchers began to work jointly with Chinese scientists in China for periods of several months to a year or two.

3. Since January 1958, when a 5-year protocol was signed under the Sino-Soviet Scientific and Technical Agreement of 1964, Soviet aid has stepped up. This protocol clarified Sino-Soviet relations in research and development and the training of scientists, for which purpose over 120 programs were to be carried out jointly or with Soviet assistance to support China's 12-year Plan for Scientific Development. We believe some of this work also supports the Soviet research program.

4. Connected with the 1958 step-up was an agreement made in December 1957 between the academies of the two countries which provided for direct communications, joint research and expeditions, and coordination of work in important problems of science and technology. Similar agreements were executed in January 1958 between the academies of agricultural sciences of the two countries and between the ministries concerned with higher education. These were 5-year agreements with executive plans to be made yearly. The agreements were associated with the protocol mentioned above. Research and development and training in all fields and all pertinent agencies of government were encompassed in these documents.

5. Training in the Soviet Union is one of the most important ways that the Soviet Union is aiding China. Training in China has not progressed well and only a handful of qualified new scientists has been produced in China. The growth of qualified scientists in China has come almost entirely from those returning

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after graduate study in the Soviet Union (other than the 200 or more who returned from the US and Europe after the Communist takeover). Postgraduate training began to receive increased emphasis starting in 1955, and, by 1957, a policy was adopted whereby only graduate students would be sent abroad. With this new policy, the number sent each year is believed to have dropped from the 2,000 and over for 1955 and 1956 to a few hundred per year. The number studying in the Soviet Union appears to be declining, but the level of study is rising. There are probably about 4,500 Chinese currently studying in the Soviet Union, mostly in scientific and technical fields.

6. The expenses of Soviet experts who stay in China up to three months reportedly are paid by the Soviet Union; those who stay up to six months have their travel paid by China; and those who stay longer have both salaries and expenses paid by China. It is believed that the expenses of Chinese students in the

Soviet Union are borne by China. Scientific apparatus and instruments are also paid for; in 1958, this trade item was reportedly 100 million yuan.

C. Net Worth to the USSR

7. Benefits to the Soviet Union are not obvious, although a number of Chinese researchers and graduate students working in Soviet research institutions have contributed to the overall research and development output in the USSR. Some research done in China in a few fields is probably of a level that would be of interest and value to Soviet scientists. Close contact with China's research and development has given the Soviet Union an opportunity to keep informed on China's progress and prospects. The Soviet access to the geographical area of China gives some advantage to the Soviet Union in such fields as geophysics. Advantages in satellite tracking also derive from this access.

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ANNEX C

COMMUNIST CHINA'S MILITARY DEPENDENCE ON THE USSR

A. Ground Forces

1. *Equipment.* Communist China's dependence upon the USSR for equipment has progressively lessened over the last 10 years. Nevertheless, China is still dependent upon the Soviet Union for many types of equipment for its armed forces.

2. At the time of the Korean War, Communist China was making mainly infantry weapons and ammunition. The USSR supplied armor, artillery, ammunition, and vehicles on a large scale, although Communist China was also using a variety of captured Japanese and US weapons. Shortly after the end of the Korean War, Communist China decided to develop a munitions industry with Soviet aid and geared to the production of Soviet-type weapons. Since then, China has gradually expanded its production to include Soviet-type artillery and artillery ammunition, medium trucks, the new type Soviet small arms and ammunition, and, most recently, medium tanks. It is believed that Communist China now produces enough of these items to supply the current peacetime replacement requirements of its armed forces. For all other items of equipment, especially heavy armor, specialized artillery, some kinds of complex signal and electronic equipment, and a variety of trucks and special purpose vehicles, Communist China is completely dependent upon the USSR or other members of the Bloc.

3. The quantities of equipment which may have been sent to China are unknown. However, sufficient equipment has been identified in the hands of troops to indicate that these shipments have been substantial. Little is known of the possible stockpiles of equipment in Communist China, but it is probable that if stockpiles exist that they consist primarily of Soviet items. Estimated production of

military items in Communist China indicates that output would hardly have been sufficient for the accumulation of stockpiles. Also, during the heavy Chinmen shelling, the artillery ammunition which was recovered and analyzed was mainly of Soviet manufacture, which suggests that ammunition stocks are certainly of Soviet origin.

4. In the last few years, the nature of Soviet assistance to Communist China has shifted. Instead of supplying mainly finished military equipment and supplies, the USSR is now chiefly providing technical aid and industrial facilities for munitions manufacture. By this means, China has been able to initiate production of a fairly extensive number of up-to-date weapons. More importantly, these industrial plants provide the base which can be expanded so that Communist China will ultimately become self-sufficient in the output of many types of military equipment.

5. But for the present, and for some years to come, Communist China's ability to modernize its forces with items of its own production will be very limited. At current estimated production rates, for example, of such a basic item of equipment as the T-54 tank, it will be five years before the T-54 tanks now assigned to units in the armored divisions and tank regiments of infantry divisions can be replaced, even at the modest levels now carried in the current TR.¹⁰

6. China does not now have and is not likely to have for a number of years a domestic capability to meet all of its requirements at wartime consumption levels for conventional weapons and the more complex types of radar and electronic equipment now essential for a modern ground force. The Chinese, even in peacetime, are dependent on the Soviets to

¹⁰ See tables C-1 and C-2.

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supply replacements and spare parts for many weapons now in use, and must rely on the Soviets for much of their communications equipment, radar, and early warning devices.

7. Chinese Communist ground forces dwarf all non-Communist Asian military forces, but the level of equipment of the Chinese forces is still far short of advanced modern standards. For example, in the Soviet tank divisions, there are more than eight times the number of tanks in the Chinese armored divisions; in the tank regiments of infantry divisions, the Soviets are over twice as strong as the Chinese in numbers of tanks. The Soviets have 25 times more tanks than the Chinese and most of them are larger and newer models.

8. Thus, even in a nonnuclear war, the time is not in sight when the Chinese Communists will be able to sustain major military operations against a modern armed force without substantial quantities of additional Soviet weapons and equipment. The Chinese will also need help in meeting their increasing POL requirements.

9. The lack of a major military research and development program will further extend the time before Communist China will achieve "military self-sufficiency." The Chinese have demonstrated a capability to make improvements on blueprints and plans of the relatively simple military equipment they are now manufacturing, but seem not yet to have undertaken any serious program of research and development of a truly "Chinese" weapons system, or of native Chinese support equipment.

10. *Training.* The Soviets have made a significant contribution to the Chinese Communist armed force strength by permitting them to attend Soviet training schools and through the Soviet advisory program in China. Here again, limited data indicate that the Soviets are withdrawing some of their personnel from lower units, probably because the Chinese can run their own training programs for their current organizations and weapons. However, the Chinese undoubtedly realize the importance of continuing to send as many personnel as possible to advanced Soviet schools

to prepare for further modernization of their forces.

11. *Logistics.* The Chinese Communists were unable to support their effort in Korea without a large-scale Soviet logistics effort, and, despite considerable work and progress, this portion of the Chinese Communist military organization remains basically weak. The weakness is found in the transportation system's limited capacity and its vulnerability to interdiction, in the logistical organization structure which provides this service to the combat forces, and in the lack of materiel, e.g., spare parts, POL, and other essential items, to permit the Chinese Communist forces to engage in modern warfare. They would be dependent on the Soviet Union for logistic support in any military operation against an enemy which included a modern Western military force.

B. Air Forces

12. Communist China is today heavily dependent upon the Soviet Union for aircraft, air weapons, air logistic items, electronic equipment, and training; and it is likely to remain so for a long time to come. As China lacks the two essential ingredients for a long-range strike power (nuclear weapons and long-range delivery capability), it must perforce rely upon Soviet capabilities. In addition to this dependence, China must also rely upon its Soviet ally for the maintenance and further development of the defensive and offensive air capability it now has in being.

13. Today, Communist China's aircraft inventory totals more than 3,000 aircraft in operational units including about 1,850 jet fighters and about 400 jet light bombers. The great bulk of these aircraft has been supplied to China by the Soviet Union. This aid undoubtedly constitutes the major direct Soviet contribution to Communist China's present military power. In addition to this support the Soviets have also helped the Communist Chinese to establish facilities for the local production of Soviet-designed aircraft. The Chinese Communists began series production of Soviet-designed fighters (FRESCO-

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MIG-17) and utility aircraft (COLT-AN-3) in 1957 and have been producing helicopters (HOUND-MI-4) in series since the fall of 1960. Series production of FARMERS (MIG-19) has probably recently begun. Soviet support of this production has been extensive, but has decreased from initial levels as the Chinese have been able to supply more and more of the raw materials, components, and qualified personnel required in production. While this trend is likely to continue, it is probable that the Chinese Communists will have to depend on the USSR to supply certain components for these aircraft for some time to come.

14. Communist China remains heavily dependent on the Soviet Union for air logistic items. While Peiping's overall dependence on the USSR for air logistic materials has decreased moderately since 1950, the volume of its imports has increased substantially as a result of increases in Communist China's aircraft inventory. At present, it is estimated that China must depend upon the USSR for approximately 80 percent of its total air logistic requirements. China is particularly dependent on the USSR for the higher grade petroleum products required for its air forces. It is believed that all such products, including all aviation fuels, are now imported from the USSR and European Bloc countries. Even with the expected improvements in China's petroleum industry, Peiping will probably continue to rely on the USSR for the major portion of these petroleum products for some time. Thus China's military air capability will continue to be directly dependent upon the Soviet supply line.

15. Soviet training assistance has included both extensive supervisory and materiel support and has resulted in the development of an air training establishment in China closely patterned after that of the Soviet air forces. At the time of the Korean War, a large number of Soviet advisors and instructors were employed throughout the Chinese Communist Air Force. Since that time, the number of Soviet personnel assigned in China has markedly decreased but a few still remain in an advisory capacity. Today the Chinese Communists are capable of meeting most of their

annual training requirements through their own resources and probably rely upon the Soviets only for advanced technical equipment and for the training of highly skilled technicians.

C. Naval Forces

16. *Materiel Assistance.* Only through the extensive assistance of the Soviet Navy has the rapid development of the Chinese Communist Navy (CCN) been possible, and ships transferred from the USSR¹⁴ and those assembled in China from largely Soviet-supplied components¹⁵ today provide the principal combat potential of the navy. Most CCN naval materiel, especially ordnance, electronics, and propulsion machinery, and petroleum products, has also originated in the USSR. Much recent Soviet technical assistance has been directed toward the establishment of programs for local Chinese production of naval equipment.

17. *Soviet Naval Advisory Mission.* Equally important assistance in the development of the CCN has been furnished by the Soviet Naval Advisory Mission. This mission was instituted to impart Soviet naval experience, methods, and technical skills to the Chinese. It consists of the Soviet Advisory Section at Naval Headquarters, Peiping, and of a network of representatives attached to every major subordinate command or installation. Initially set up in 1950, this network became so extensive as to include every ship and tactical organization in the navy. It is estimated that by about 1954, upwards of 500 Soviets were assigned to various naval missions with the CCN, with about 100 serving with the Soviet Advisory Section in Peiping. Gradually, as the CCN developed and gained practical operating experience, the number of Soviet advisors was reduced. At the present time, the number probably does not exceed 150; the advisory section in Peiping has been reduced to about 30 persons with the remaining 120 on duty with the fleet and district commands, the naval academy at Dairen, and specialized training commands.

¹⁴See table C-3.

¹⁵See table C-4.

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18. For psychological reasons the Soviet Naval Advisory Mission is integrated into the CCN organization so as to cloak even the slightest outward appearance of Soviet control or domination. Most of the personnel wear civilian clothing or CCN uniforms without badges or rank insignia. Relations between the Chinese and their Soviet advisors are generally described as "polite" with little evidence of serious ethnic friction on any level. Customarily the local Soviet advisors give specific advice only when it is requested. They do, however, make periodic reports to the head of the Soviet Advisory Section, Peiping, who in turn can recommend general remedial measures to the national CCN high command. The Soviet Naval Advisory Mission not only provides beneficial guidance to the CCN but also enables the Soviet Navy to evaluate adequately the professional competence of its Far Eastern ally.

19. Numerous other Soviet personnel have been provided to the Chinese to give technical guidance in the establishment of shipbuilding programs. Additional technicians have been sent to instruct the Chinese in the proper operation and maintenance of modern naval equipment.

20. *Training.* During the earlier stages in the development of the CCN large numbers of Chinese officers were sent to the USSR for senior and specialized naval schooling. Small numbers of senior naval officers are still being sent annually to the Order of Lenin Naval Academy at Leningrad for command and staff training. A limited number of junior officers and enlisted personnel are enrolled each year for specialized technical training at several other Soviet naval schools in the Leningrad area and in the Vladivostok-Nakhodka naval complex.

21. In addition to technical and materiel assistance in developing the CCN, the USSR has taken several measures which have enhanced the prestige of China as a new naval power. In 1955, the USSR ceded Kuan-tung Pan-tao (Kwantung Peninsula) to China, together with its important naval and industrial complex of Port Arthur-Dairen. Port Arthur has since become one of the two largest bases of the CCN. In the summer of 1956 the Soviet Pacific Fleet made an official visit to Shanghai, the first visit of foreign warships to mainland China since the defeat of the Chinese Nationalists. To date the Chinese Communists have not paid the customary return visit.

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TABLE C-1
COMMUNIST CHINA
ESTIMATED CURRENT ANNUAL PRODUCTION OF ARMAMENTS
AND MILITARY VEHICLES

Small Arms	
7.62mm Pistol, type 51 (Copy of Sov TT-33)	10,000
7.62mm Carbine, type 56 (Copy of Sov SKS)	250,000
7.62mm SMG, type 56 (Copy of Sov AK)	180,000
7.62mm Light MG, type 56 (Copy of Sov RPD)	15,000
7.62mm Heavy MG, type 53 (Copy of Sov Goryunov)	1,000
12.7mm Heavy MG, type 54 (Copy of Sov M38 DShK)	1,000
	<u>457,000</u>
Mortars	
81mm (Copy of Sov 82mm M1937)	4,000
120mm (Copy of Sov 120mm M1938/43)	2,000
160mm (Copy of Sov M43)	500
Recoilless Rifles	
57mm, type 36 (Copy of US M18) Production ceased at end of 1957	
76mm, type 52 (Copy of US M30)	2,500
Rocket Launchers	
90mm, type 51 (Copy of US M20) Production ceased at end of 1957	
160mm, type 80	100
Artillery	
57mm AA gun, type 55 (Copy of Sov M1938)	50
57mm AT gun, type 55 (Copy of Sov M1943)	50
76mm Div gun, type 54 (Copy of Sov M1942)	175
122mm How (Copy of Sov M1938)	25
160mm How (Copy of Sov M1943)	10
Tanks	
T54 (100) Medium (Copy of Sov Model)	100
Trucks	16,000
Jeeps	500
Ammunition	
Artillery and Mortar ..	1.4 million rounds
Small Arms	150 million rounds

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TABLE C-3
MAJOR TYPES OF EQUIPMENT—CHINESE COMMUNIST GROUND FORCES

	Item	Quantity Now in Inventory	Country of Origin
Arty:	105mm Fld/AT Gun	70	USSR
	122mm How	1,800	USSR, China
	122mm Gun	800	USSR
	160mm How	400	USSR, China
	152mm Gun/How	400	USSR
	130 Gun	75	USSR
AAA:	87mm AA Gun	1,450	USSR, China
	87mm AA Gun	250	USSR
	86mm AA Gun	1,350	USSR
	100mm AA Gun	250	USSR
Rkt Lchr:	122mm Rkt Lchr	180	USSR
	140mm Rkt Lchr	35	USSR
Armor:	M Tk, T-34/85	2,800	USSR
	M Tk, T-34	100	USSR, China
	M Tk, JS-3	80	USSR
	Aslt Gun, SU-76/100	800	USSR
	Aslt Gun, JSU-123	100	USSR
	Aslt Gun, JSU-153	100	USSR
Radar:	Radar Devices	600	USSR, China

TABLE C-3
SOVIET SHIPS TRANSFERRED TO COMMUNIST CHINA

Type/Class	Number	Date	Remarks
SS/"M-II"	1	1953	Nonoperational
SS/"S-1"	4	1954-1955	
SS/"M-V"	4	1954-1955	
SS/"SHCH-II"	4	1955	Nonoperational
DD/"GORDYY"	4	1954-1955	
PC/"KRONSHADT"	8	1955	
PT/"P-4"	80	1953	
MSF/T-43	2	1954	

TABLE C-4
SOVIET NAVAL DESIGNS CONSTRUCTED IN COMMUNIST CHINA

Type/Class	Number	Date "	Remarks
SS/"W"	17	1955	Additional units under construction or fitting out.
DE/"Bigs"	4	1955	Program terminated with launching of 4th unit in 1957.
PC/"KRONSHADT"	16	1955	Program terminated with launching of 18th unit in 1957.
PT/"P-6"	60	1956	Still under construction.
MSF/T-43	8	1956	Still under construction.

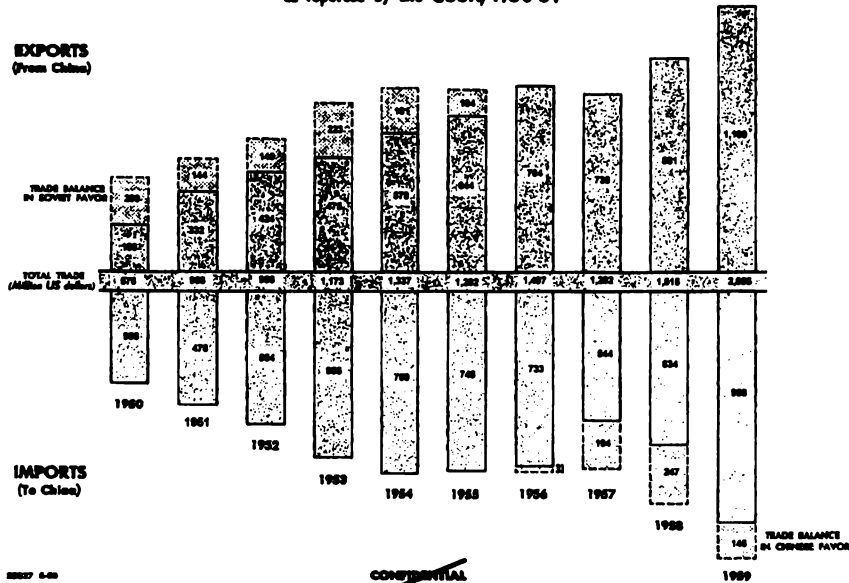
"Date construction program started in Communist China.

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Figure 1

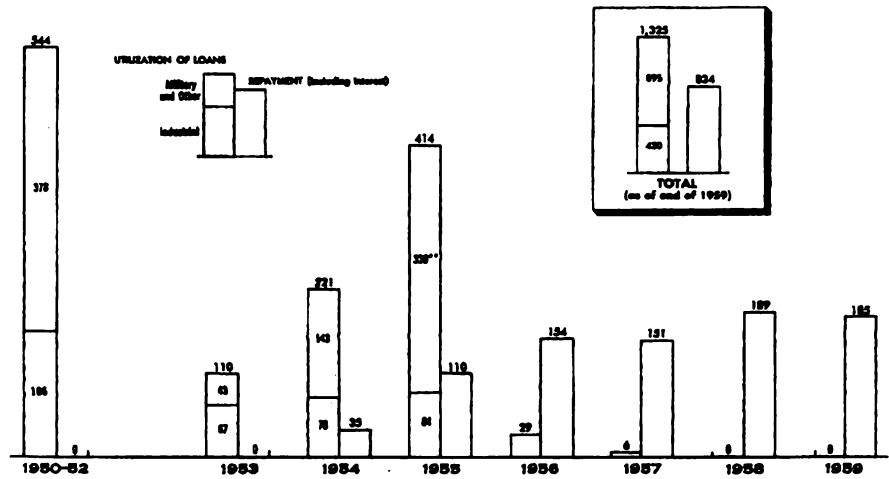
Value of Imports, Exports, and Trade Balances of Communist China with the USSR
as reported by the USSR, 1950-59



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Figure 2

Estimated Utilization and Repayments of Soviet Loans by Communist China, 1950-59
Million US dollars*



*Soviet loans to China during 1950-59 amounted to 5,324 million yuan and were converted at an exchange rate of 4 yuan to US \$1.

**Including 376 million estimated to be the value of assets of joint-stock companies returned to China by the USSR.

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SECTION 17

NIE 13-60

Communist China

6 December 1960

APPROVED FOR RELEASE
DATE: MAY 2004

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NIE 13-60
6 December 1960

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NATIONAL INTELLIGENCE ESTIMATE NUMBER 13-60

Supersedes NIE 13-59

COMMUNIST CHINA

Submitted by the
DIRECTOR OF CENTRAL INTELLIGENCE

The following intelligence organizations participated in the preparation of this estimate: The Central Intelligence Agency and the intelligence organizations of the Departments of State, the Army, the Navy, the Air Force, The Joint Staff, and the Atomic Energy Commission.

Concurred in by the
UNITED STATES INTELLIGENCE BOARD

on 8 December 1960. Concurring were The Director of Intelligence and Research, Department of State; the Assistant Chief of Staff for Intelligence, Department of the Army; the Assistant Chief of Naval Operations (Intelligence), Department of the Navy; the Assistant Chief of Staff, Intelligence, USAF; the Director for Intelligence, Joint Staff; the Atomic Energy Commission Representative to the USIB; the Assistant to the Secretary of Defense, Special Operations; and the Director of the National Security Agency. The Assistant Director, Federal Bureau of Investigation, abstained, the subject being outside of his jurisdiction.

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COMMUNIST CHINA

THE PROBLEM

To analyse Chinese Communist domestic developments and external relations, and to estimate probable trends during the next five years.

CONCLUSIONS

1. The leaders of Communist China are determined to make China a leading world power as rapidly as possible. Over the past 11 years Communist China has made impressive gains in industrial and military strength and in the organisation and regimentation of the Chinese people. These gains, together with a conviction that world trends strongly favor the Communist cause, have been increasingly manifested during the past year in aggressive self-confidence towards both the West and the USSR. (Paras. 11-14)

2. We believe that over the period of this estimate, Communist China's economy will continue to grow rapidly, especially in heavy industry, although at a less rapid rate than 1958-1960. Communist China's dependence on the rest of the Bloc for economic and military equipment and for technological assistance will have been substantially reduced. By 1965 Communist China will probably be the world's leading producer of coal, the third ranking producer of crude steel,

a major producer of electric power, and it will have a merchant marine of significant size. It will also have made substantial progress toward becoming a modern power in science and technology, though its relative standing will remain well behind that of the advanced nations. However, if Sino-Soviet relations should deteriorate to the point where Bloc sources of industrial equipment and technical assistance were greatly reduced, Communist China's economic growth would be slowed, expansion into more complex fields of industry inhibited, and military development retarded. (Paras. 17-20, 34, 36)

3. Peiping will continue to face major economic problems for many years to come. It will continue to be dependent upon foreign sources for some key items of industrial and military equipment and for specialized technical knowledge. Communist China's petroleum requirements will grow rapidly during the next five years, and even the expected tripling

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of domestic production will not end China's dependence upon petroleum imports. Transportation will remain overburdened. Agricultural production will still be meager in relation to domestic and export needs. Per capita supplies of food and other consumer goods will not have risen enough to enable material incentives to replace coercion and political pressures as the chief spurs to production. An increasingly urgent population problem will confront the regime with difficult policy decisions. (Paras. 16, 18-20, 24-25, 29, 31, 33)

4. There will probably be growing dissatisfaction and disillusionment among the Chinese masses concerning the heavy burdens they will be forced to carry, and the regime will face increasing problems in overcoming public apathy, fatigue, and passive resistance. In addition, there may be an increase in party factionalism when Mao Tse-tung dies. Such developments, however, will not threaten the regime's ability to control and direct the country. Furthermore, there is positive support from some millions of people who have made real advances under Peiping's rule, and among many there is a feeling of pride in Communist China's rapid advance as a world power. In any case, we now see no serious threat, either internal or external, to the continuance of the regime. (Paras. 42-43, 49)

5. Peiping's conventional military capabilities will probably continue to grow, and will increasingly threaten the non-Communist Asian periphery. The rate of increase in Communist China's military capabilities will be determined in large part by the economic demands of the regime's overall economic develop-

ment program and by the nature and extent of Soviet assistance. Communist China will probably have exploded a nuclear device during the period of this estimate and may have produced a small number of elementary nuclear weapons. It may also have produced a jet medium bomber. However, unless there is a great increase in Soviet aid in the missile field, which we believe is unlikely, China will be unable to develop and produce even medium-range guided missiles by 1965. (Paras. 50-64)

6. The most important development of the past year in Communist China's affairs has been the breaking out of the long-smouldering Sino-Soviet dispute over Communist world policy and authority within the Bloc. We believe that the differences between Peiping and Moscow are so basic and are so much a product of the different situations and problems in the two countries that any genuine resolution of the fundamental differences is unlikely. Although the possibility of a complete break cannot be excluded, we believe that the alliance against the West will hold together. Nevertheless, the estrangement will probably continue, with ups and downs as new issues arise. (Paras. 70-73)

7. A basic tenet of Communist China's foreign policy—to establish Chinese hegemony in the Far East—almost certainly will not change appreciably during the period of this estimate. The regime will continue to be violently anti-American and to strike at US interests wherever and whenever it can do so without paying

¹ The judgment of this paragraph appears to be consistent with such information as we now have on the recently adjourned conference in Moscow.

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a disproportionate price. It will continue and almost certainly step up its efforts to create trouble and confusion in Asia, Africa, and Latin America and to subvert anti-Communist and, probably, non-Communist governments in these areas. (Paras. 82, 86-88)

8. During the period of this estimate Peiping's policies will range between relative moderation and outright toughness. Peiping will probably again increase its military pressures in the Taiwan Strait area. However, we believe that Peiping does not intend to advance its aims by overt military action elsewhere, although it probably will react forcefully to challenges and opportunities. Its arrogant self-confidence, revolutionary fervor, and distorted view of the world may lead Peiping to miscalculate risks. This danger would be heightened if Communist China

achieved a nuclear weapons capability. (Paras. 89-90)

9. Even before the explosion of a nuclear device, Peiping's military power and potential may increasingly complicate the international disarmament problem. Peiping will exploit this situation in an effort to enhance its international status, but at the same time may attempt to prevent the conclusion of any disarmament agreement, at least until it becomes a nuclear power. (Para. 91)

10. In 1965 Communist China will be playing more fully the role of a leading world power, whether or not it is a member of the UN. Its arrogance, pretensions, and capabilities for independent action will remain a source of concern to the USSR. At the same time the danger posed by Communist China to US interests, particularly in Asia, will have increased. (Para. 92)

DISCUSSION

I. INTRODUCTION

11. As Communist China enters its twelfth year, the balance sheet shows both impressive assets and formidable liabilities. China's continuing rapid economic growth and its steadily increasing military strength are moving the regime closer to its goal of becoming a leading world power. At the same time, the regime is facing some of the greatest difficulties, domestic and foreign, it has yet encountered.

12. Although there is much discontent and apathy, especially among the peasants, the general aspect of Communist China is marked by regimented energy on the part of the people, and self-confidence on the part of the leaders. In the reports of returning travelers the word "arrogance" appears with striking regularity. Even Communist visitors report that the dedication and drive of the Chinese

are in conspicuous contrast to the situation in other Communist countries.

13. Despite these manifestations of self-assurance, Peiping confronts a serious domestic weakness in agriculture and an external crisis in relations with Moscow. In 1960 the nation's diet is still at a precariously low level and the regime has been unable to meet all of its export obligations from the domestic harvest. The year has been even more conspicuously marked by Peiping's open challenge to Moscow's authority in the Communist Bloc. This action has brought upon Peiping the severe disapproval of the USSR and most of the rest of the Bloc and has raised the possibility that Bloc economic and technical support, which are essential for China's rapid growth as a great power, might be seriously reduced or even cut off.

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14. The small group of men who run Communist China have almost unlimited ambitions for their regime and country. They explicitly assert that China shall become thoroughly communized as rapidly as possible, and they apparently believe that China will eventually become the greatest nation in the world. Belief in the reality and attainability of these goals has led this handful of scoundrels to drive themselves and to be prodigal with the lives and energies of the Chinese people; they have cajoled and coerced the workers and peasants of the country to do a maximum of work in return for minimal compensation and promises that the rapid growth in production will ultimately bring much greater material rewards. The leaders themselves are inspired by a mixture of Communist idealism and Chinese nationalism. They promote communism to hasten China on the road to power and glory, and exploit Chinese nationalism to hasten the building of communism.

II. DOMESTIC BASE

A. Economic²

15. *General.* The Chinese Communist regime during 1958-1960 has greatly accelerated its efforts to catapult the country into the ranks of the chief industrial powers in the shortest possible time. As a result of this effort the gross national product (GNP) of Communist China increased by about 18 percent in 1958, 12 percent in 1959, and about 12 percent in 1960.³ The latter two years would have shown greater rises but for the abnormally bad weather which crippled agricultural output. A tremendous input of labor and capital investment was concentrated upon the expansion of the economy, especially heavy industry. Although still labeled the "Great Leap Forward," the regime's economic policies at the

end of 1960 are relatively conservative compared to the extreme programs of 1958.

16. Despite its successes Communist China has a long way to go before becoming a modern industrial power. Industrial production in 1959 was less than 10 percent of that of the US, while the general level of technology and the general quality of product in Chinese industry were still far below the standards of the industrialized nations of the world. Moreover, 80 percent of the population is engaged in agriculture, and per capita GNP in 1959 was only about US \$120,⁴ or roughly a quarter of that of Japan. The Chinese Communist regime has been able to sustain its rapid economic growth only through imposing severe hardships on the Chinese people and through restraining rises in their already meager standard of living. In result, there is widespread disillusionment among the people.

17. Thus Communist China's economy faces the next five years with both greater assets and greater liabilities. The economy is now organized to sustain heavy investment, and the percentage of GNP invested, which rose from 20 percent in 1957 to about 33 percent in 1960, will probably reach about 40 percent in 1965.⁵ At the same time, many serious economic difficulties will challenge the regime.

²During the First Five-Year Plan (1953-1957) the average annual increase in GNP was seven percent.

³A number of different methods may be employed to convert one country's GNP into the currency of another country for purposes of comparison. These different methods will frequently yield widely differing results, particularly when the structures of the two economies are so dissimilar as are the US and Chinese economies. Any one of the methods has defects in providing international comparison; thus the above figure should be regarded only as a rough approximation.

⁴Prices of capital goods in China, where capital is scarce in comparison to labor, are high compared to prices of capital goods in the US. If investment were valued in terms of the US price structure, these percentage shares of investment as a portion of Chinese GNP would be reduced by about one-third; even so, investment would still be an impressively high percentage of GNP. The higher prices for capital goods also result in a slightly higher growth rate of GNP.

⁵The Chinese Communists, like their Soviet mentors, have made it difficult for foreign observers to see official data in gaining a clear understanding of the workings of the economy. They have released only partial data and in various ways presented misleading comparisons in reporting economic production and activities. This requires that Chinese Communist statistics be viewed critically and in some cases substantially discounted. See Appendix II.

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It is probable, however, that the leaders will be able to find sufficiently effective solutions to keep the economy growing rapidly, even though occasionally faltering and always under great pressure, especially in agriculture. On balance, we estimate that over the next five years the annual growth in GNP will average 10 to 11 percent, provided the flow of equipment and technology from the rest of the Bloc continues.

18. *Dependence on the Bloc.* Until recently the number of Soviet technicians in Communist China was gradually reduced by common agreement as Chinese technical capabilities improved; the number of Soviet technicians in China at the beginning of 1960 was about half the peak reached in 1954. In the summer of 1960, however, Moscow unilaterally withdrew the majority of its remaining technicians from China. If these are not replaced, the movement of Chinese industry, technology, and weaponry into more complex fields will be slowed. Moreover, a major reduction in deliveries from the Bloc would alter the magnitude and structure of Communist China's economic growth. The annual growth in GNP would fall somewhat, although it would still be large because of the high level of investment. The regime would be forced to alter its development program, reducing emphasis on sectors requiring more advanced technology and more complex equipment.

19. Branches of heavy industry which are especially dependent on outside aid for equipment, technology, or both, include: the finishing stages of aluminum and steel, large electric power stations, cement, selected chemicals (fertilizer, plastics, and synthetic fibers), heavy and complex machine tools, selected electronic equipment, naval shipbuilding, jet aircraft, heavy ordnance and engineer equipment, and nuclear energy. In addition, China now imports about half its POL from the Bloc.

20. Several sectors of the Chinese economy have never received substantial Soviet Bloc support or have outgrown the need for much outside aid: i.e., agriculture, transportation, light industry, mining, and some branches of heavy industry. Heavy industry should

be able to satisfy nearly all of Chinese planned needs through 1965 for the following goods: equipment for smelting and refining of copper and aluminum, machinery for small and medium iron and steel furnaces and steel rolling mills, coal mining machinery of the less advanced types, oil drills, equipment for refining petroleum (except by catalytic cracking), heavy industrial chemicals, small and medium turbogenerating equipment, rubber tires, lathes, trucks, small merchant vessels, small transport aircraft, radios, and television sets.

21. *Agriculture.* Agricultural achievements in 1955 and 1958 provided opportunities for instituting collectivization and communalization, respectively. The real increases of food production in 1958 were greatly magnified by false statistics. Misled by these spectacular figures, the regime in late 1958 allowed food to be consumed through free supply in the commune messhalls at a rate which could not be sustained. Moves were also made toward reducing acreage with the expectation of producing more crops on less land by new Communist methods of intensive agriculture. By the end of 1958 food reserves were already running low, and there were serious local shortages in many parts of the country. Since then the problem has been greatly aggravated by two successive bad crop years. Production of food grains in 1959 was probably about 10 percent less than our estimate of 213 million tons for 1958. The 1960 harvest is likely to be little, if any, better. And in these past two years the population increased by about 30 million.

22. As a result, rationing has had to be intensified. In addition, the regime has felt it necessary to supplement the food supply with city garden plots and an intensive nationwide program to collect wild foods and fibers. Despite such moves, by the autumn of 1960 Peiping was falling behind on export commitments and was even buying grain abroad in an effort to meet them. Serious hunger and malnutrition were reported from several parts of the country, and it is likely that food conditions will further deteriorate through the spring of 1961 before the early summer harvests. The cotton crop has also

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fallen short, temporarily halting growth in the textile industry and bringing on even stricter rationing of cotton cloth.

23. The regime has belatedly come to a realization that more effort and investment are needed to enable agricultural production to keep up with growing demands upon it. During the past three years Peiping has given increasing attention to agriculture. The share of capital investment devoted to agriculture in the national budget has increased from a little over 8 percent in 1957 to nearly 12 percent in 1960, while under the commune organization peasant investment has more than doubled in the same period. In the latter part of 1960 vigorous efforts were made to increase the labor force available in the countryside. Cadres and civil servants were sent to the rural areas and all nonproductive units such as teams for welfare, culture, and athletics were dissolved for the duration and sent to work in the agricultural "front lines."

24. Unless 1961 should turn out to be a third successive year of bad weather, the present food and export emergencies will be largely ended by the 1961 harvest. Given average weather, the regime will probably be able to meet its minimum needs for agricultural production for the next five years and perhaps for a considerable time beyond that. Although there will probably be 90 million more Chinese to feed in 1965 than in 1960, we believe that the regime will invest enough in agriculture in the form of fertilizer, irrigation, mechanization, and manpower to meet the increased demand and, possibly, to provide a little improvement in the average diet. Nevertheless, throughout the next five years and indeed for the foreseeable future, the industrial priorities of the regime's program will limit the agricultural effort. This suggests that the balance between consumer needs and agricultural production will be a precarious one, always subject to being drastically upset by the vagaries of weather and agricultural policy. Another poor crop year in 1961 would probably force substantial cutbacks in the development effort and a further reorientation of investment from industry to agriculture.

25. *Population.* We estimate Communist China's population in mid-1960 at about 690 million and at 762 to 780 million in mid-1965. This population growth rate of 2 to 2.5 percent annually reflects the effect of a vigorous public health program that has increased life expectancy from about 30 years before 1949 to 54 years in 1958, an increase which Western nations required about 50 years to achieve in their demographic transitions. As a result, the population growth in the absence of curtailed fertility can be expected to accelerate, leading to a doubling of the population in about 25 years. However, the Chinese leaders, we believe, are aware of the long-run dangers of rapid population growth. At the same time, it is probable that an effective program to curtail fertility would involve considerable coercion and would encounter significant ideological and social resistance, resulting in adverse effects on party unity and public morale. In any event, the critical nature of the population problem will become increasingly clear to the regime and it may begin to take more effective action during the period of this estimate.

26. *Industry.* Industrial growth over the last three years has been rapid but uneven. There were two great surges: one in the last half of 1958, the other covering the last quarter of 1959 and the first quarter of 1960. In part these rapid increases resulted (especially in 1958) from a greatly intensified exploitation of China's greatest natural resource, manpower. People worked longer and harder, and millions were added to the industrial labor force. Existing plant facilities were utilized more extensively, and there was great expansion of the fuel and raw material sectors, such as mining and building materials, which could use large amounts of unskilled labor.

27. Increased labor input, however, is only part of the explanation for the rapid growth of industrial output. The Chinese Communists are now receiving the payoff from 10 years of intensive effort to expand capacity in heavy industry. Large industrial plants have been built with equipment and technology acquired from other members of the Bloc, primarily the USSR. Many of these plants

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have come into production in the past three years, and, starting from a low base figure, the addition of the output of these large factories resulted in striking percentage increases. Supplementing the increase in output from the large plants, a smaller but appreciable increase has come from the establishment of a large number of modern, small, domestically-built plants using labor-intensive methods of production.

28. In 1958 industrial production increased by about 40 percent over 1957, and by another 33 percent in 1959. We anticipate that the 1960 increase will be about 25 percent. We believe that the production of crude steel, which has received especial emphasis from the regime, rose as follows (in millions of metric tons):

1957	5.4
1958	5.8
1959	15.4
1960 (planned)	18.4

Production of crude steel in 1960 was scheduled to level off at the rate of the last quarter of 1959, probably because it is out of balance with rolling mill capacity and the rest of heavy industry. Coal production has risen from 130.7 million tons in 1957 to an estimated 426 million in 1960, although there has been a drop in the quality.⁶ Output of electric power has likewise more than tripled in three years: 1957, 19.3 billion kilowatt-hours; 1960, an estimated 58.3 billion kilowatt-hours. Other basic industries have also increased greatly.

29. Although the production of crude oil in Communist China increased from 1.7 million tons in 1957 to an estimated 5.3 million tons in 1960, there have been indications of a widespread shortage in the latter part of 1960. At present China produces about half of the crude oil and petroleum products it uses and relies on imports (primarily from the USSR) for the other half, including virtually all of its aviation fuel. By 1965 domestic crude oil pro-

duction may reach 18 million tons, with a corresponding growth in refining capacity. Even so, demand will probably have grown so much that imports will be required to meet a quarter of the nation's needs of petroleum products.

30. Chinese efforts have been most effective when they concentrated on accelerating the Soviet-style program established in the First Five-Year Plan and least successful when they involved a radical (Chinese) departure from this established program. Planning and the organization of industrial production is likely to resemble more closely the Soviet model as the development of a complex modern industrial society progresses.

31. The rate of industrial expansion, however, although remaining high, is expected to decline during the next five years for a number of reasons. The recent practice of stressing a narrow and simple product mix⁷ will of necessity give way to greater diversity, complexity, and specialization. This greater diversity and complexity will require larger amounts of investment and longer lead times between investment and the completion of industrial facilities. Moreover, industrial investment will decline as a share of total investment, because agriculture and transportation will necessarily claim an increasing share of investment. Also, with material incentives for workers and peasants continuing to be severely limited, Peiping will probably face difficulties in sustaining labor effort and in increasing labor productivity.

32. Assuming no drastic reduction of Soviet trade deliveries and technical support, we estimate that Communist China's industrial growth, which averaged a little over 15 percent during 1953-1957 and about 35 percent during 1958-1959, will drop from about 25 percent in 1960 to as low as 15 percent in 1965. Production in heavy industry will expand considerably faster than light industry, and by

⁶This places Communist China ahead of the US and second only to the USSR in coal production, but coal is still the main source of energy in China. In petroleum, natural gas, and electric power, Communist China ranks far down on the list of producers.

⁷For example, China's steel industry now produces only a few kinds of alloys and a limited number of rolled or extruded shapes. As the economy turns to the production of more advanced types of sophisticated machines, a wide range of special alloys and a great variety of shapes will be required.

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1965 it will probably be more than three times the 1960 level. Production in heavy industry will probably grow by nearly a third in 1960, but by 1965 the annual growth rate may decrease to about one-sixth. Production in light industry will increase by an estimated 10 percent in 1960, dropping to about half that by 1965.

33. Although Peiping will probably increase its investment in modern transport to enable an approximate doubling of capacity by 1965, this rate of expansion would still leave the transportation situation very tight. Railroads, the primary means of transport, will be substantially extended, improving the network in the areas now served and completing the trans-Sinkiang line to the USSR, the network in the southwest, and possibly even a railroad to Lhasa. Truck transport will also be expanded to handle short-haul traffic, while coastal and inland shipping transport will be rapidly developed to supplement both road and rail transport. It is also expected that Communist China will greatly expand its merchant marine through construction and purchase, and will probably carry a substantial proportion of its foreign trade in its own vessels. China's telecommunications facilities, which have developed rapidly in the past few years, will continue to expand and will provide increasing support to the regime's economic, military, and political programs.

34. By 1965 Communist China's gross industrial output will probably rank with that of the UK, West Germany, France, and Japan. It will lead the world in the production of coal and will be a major producer of electric power.⁶ It will probably rank third in crude steel output.

35. In terms of quality and diversity of output, however, Communist China will still be in the third echelon of industrial powers. A sizable technological gap will still exist be-

tween China and Japan. Evaluated in terms of per capita GNP or by the standard of living of its people, China will still be a backward nation. Although the income of the average citizen will probably have risen slightly above the 1960 level, the per capita production of food and other consumer goods will not have risen sufficiently to replace coercion and political pressures as the chief spur to production.

36. *Science and Technology.*⁷ The Peiping regime considers scientific and technological progress of major importance in developing Red China into a world power. The country is making significant progress in a well conceived 12-year program to raise its scientific and technological level in vital areas by 1967. The effort is concentrated in 11 broad technological fields, such as electronics and atomic energy, and at the same time a beginning has been made in associated fundamental research. Notable success is already evident in several key technological areas, and we believe general scientific and technological capabilities will be increased significantly by 1967. Communist China's relative standing will remain well behind that of the advanced nations, however, primarily because of a general lack of scientific manpower, the most limiting factor in the Chinese effort.

B. Social-Political

37. *The Party.* The members of the Chinese Communist Party (CCP) face tremendous problems in seeking to cajole and coerce the workers and peasants to serve the ambitious goals the regime has set. Such problems are especially acute for the working level party cadres who, whatever their energies or skills, are caught between the demands of the party leaders and the desires of the Chinese people. It is they who have to spur on the peasants and workers day after day, insisting that they produce to the limits of physical endurance in return for pitifully inadequate rewards. The position of these

⁶ Provided construction of the 30 large hydroelectric projects now on the books proceeds on schedule, by 1965 China will be producing close to 300 billion kwh a year. This is more than the estimated combined production of the European satellites by that year and about the same as US production in 1949.

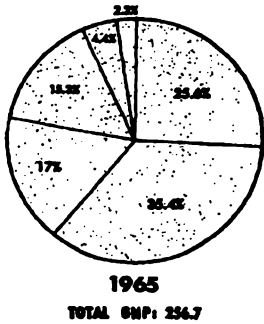
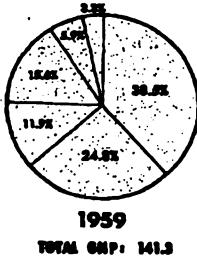
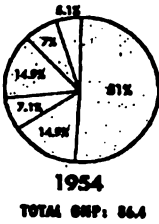
⁷ A further discussion of Communist China's science and technology appears in Appendix I, and nuclear weapons capabilities are discussed in paragraphs 54-55 below.

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COMMUNIST CHINA
GROSS NATIONAL PRODUCT, BY SECTOR OF ORIGIN
1954, 1959, AND 1965

(Billion yuan in 1957 prices)

- ☐ Agriculture
- ☐ Industry (including handicrafts)
- ☐ Construction and modern transportation and communications
- ☐ Trade and native transportation
- ☐ Rental income and personal service income
- ☐ Government

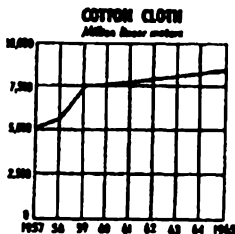
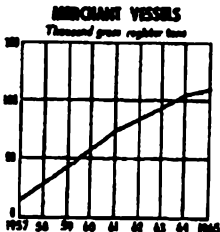
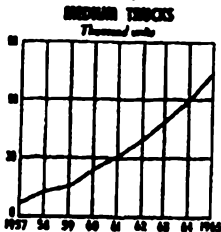
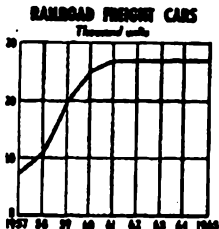
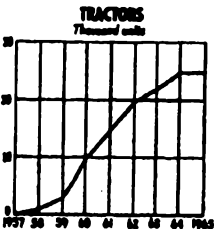
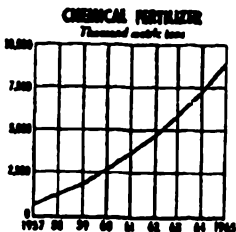
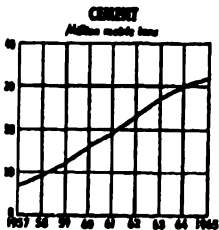
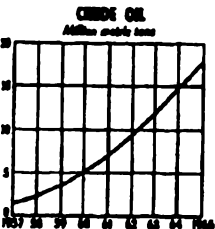
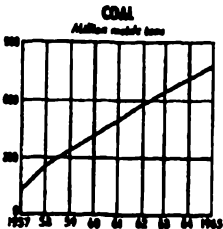
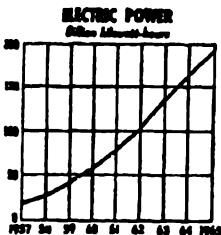
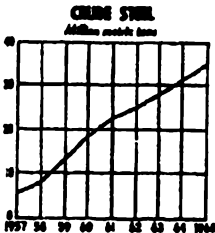
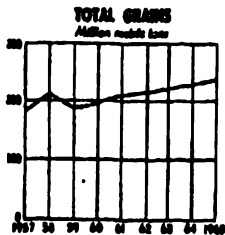


Gross national product, at factor cost, does not include indirect taxes.

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COMMUNIST CHINA
ESTIMATED ANNUAL PRODUCTION
OF SELECTED MAJOR COMMODITIES, 1957-65

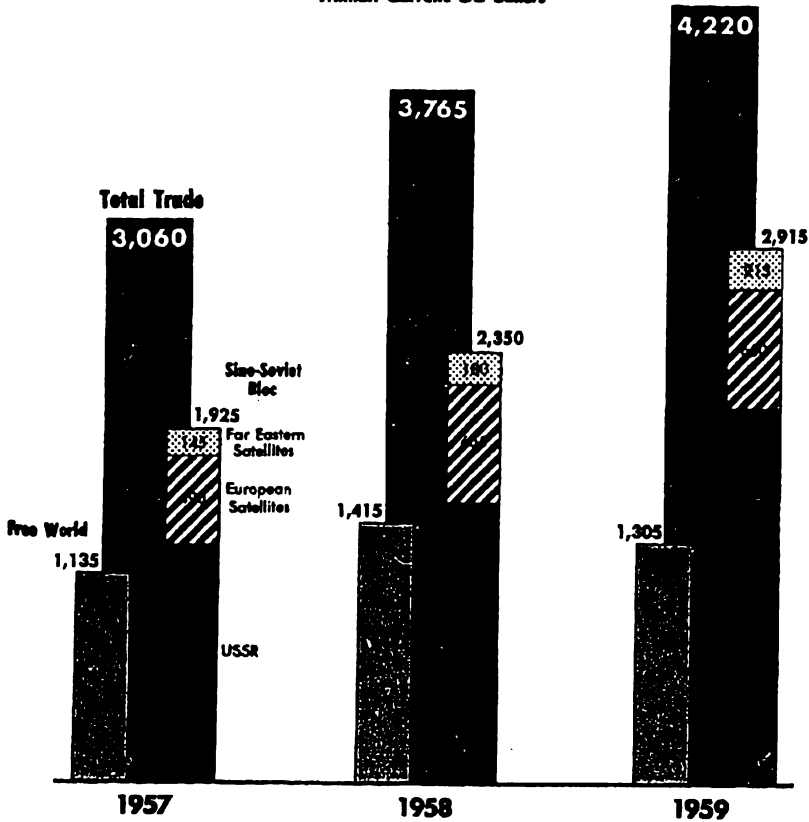


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COMMUNIST CHINA DIRECTION OF FOREIGN TRADE, 1957-59

Million Current US dollars*



Figures may not add to totals due to rounding.

*Yuan values have been converted to dollar values at dual conversion ratios: 1 yuan to US\$ 0.40 for Free World trade, and 1 yuan to US\$ 0.25 for Bloc trade.

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party cadres has become even more difficult in the past three years as the party leadership has abruptly and repeatedly changed course. For example, the party leaders confessed that many of the original claims of advances made in 1958 were exaggerated, and they suddenly abandoned the deep-plowing and backyard steel-making programs upon which so many millions of people so frantically expended their energies. Moreover, party leaders have publicly criticized the cadres for doing the very things Peiping had only a few months before been directing them to do. As a result there has been some sag in party spirit, and Peiping has felt it necessary to infuse new enthusiasm and discipline into the party.

38. Various measures have been taken in an effort to gain the positive, enthusiastic support of party members. In the 18-month period ending in June 1960, nationwide recruitment was undertaken to reinvigorate the party at the lower levels. About 2.5 million new members were added, bringing the total membership to over 16 million.¹⁰ The party continues to be fairly successful in promoting the idea that membership is a privilege and honor, and in stimulating rank-and-file members with the concept that they are a part of an elite vanguard.

39. Nevertheless, renewed disciplinary measures within the party have become evident. A continuous series of campaigns has been directed against the members since the summer of 1959. A drive against "rightist opportunists" sought to chastise and silence those critics who had questioned the party's extremist policies of 1958-1959 and to reestablish the infallibility of the party leaders. The cadres have also been subjected to a "3-anti" drive directed against bureaucratism, corruption, and waste, and the transfers of cadres to the lower levels serves as another disciplinary tool.

¹⁰ Already the world's largest Communist Party, the CCP is now larger by some four million than the Communist Party of the Soviet Union, although it represents a much smaller proportion of the total population (about 13 percent in Communist China; 3.5 percent in the Soviet Union).

40. Another effort to establish the absolute authority of the party has been a nationwide movement in the past year to have all Chinese—party and nonparty alike—embark upon intensive study of the works of Mao Tse-tung, which have become canonized as "the ideology of Mao." Mao has also been credited personally with originating the regime's major policies, and the recent publication of the fourth volume of Mao's works has given new impetus to the "cult of Mao" trend. In addition to reinforcing party authority and unity, this buildup of Mao probably reflects an outcropping of the leadership's nationalist pride and confidence in their superiority as developers of Marxism-Leninism, and challenges the Kremlin by exalting a Chinese as the foremost living Communist theoretician.

41. Although prolonged and acrimonious intraparty debates have occurred in the past three years, party discipline at the top level has enabled the regime to maintain its essential unity and the party has not been forced to resort to Stalin-style open purges. The removal in 1959 of Defense Minister P'eng Teh-huai and Chief of Staff Huang K'o-ch'eng was probably the result of their questioning of party policies, and some others may have fallen from grace or suffered a loss of influence, including Politburo members Ch'en Yun (economic expert) and Chang Wen-t'ien (specialist on foreign policy, including Sino-Soviet relations). In general, however, the party leadership has not been beset by acute factionalism, and Mao appears to continue in control of the party and its policies. Mao's authority, together with the active support he receives from many others in the leadership group, makes it likely that his views will continue to prevail and that factionalism will not be a serious problem while he lives.

42. It is possible that Mao, now 67, will die during the period of this estimate. If so, his influence as the patron saint of Chinese communism will still remain strong, particularly since his heir apparent, Liu Shao-ch'i, appears to favor Mao's policies. Moreover, the tradition of party unity will still carry considerable weight. However, neither Liu

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nor any other successor would inherit Mao's personal authority and prestige. As a result, there may be at least a temporary trend toward more collective leadership, perhaps involving compromises on some controversial policies. Alternatively, it is possible that with the disappearance of the centripetal force which Mao exerts, disagreements over policies or power struggles would become more frequent and serious, and the views of the professional military leaders may carry more weight. Moreover, party leadership will begin to devolve upon the second generation.¹¹ Mao's death may thus have considerable repercussions but we believe on balance that it will not cause basic changes in Chinese Communist policy or in the party's ability to enforce its dictates.

43. *The People.* In general the attitude of the overworked, underfed people of China toward the regime is probably best described as resignation. Bitterness is widespread, but it is impossible to say what proportion of the populace it characterizes. The only sustained overt resistance comes from the national minorities, most conspicuously in Tibet. There has been evidence of brave but futile uprisings among the Moslems of China's great Western regions, and there have been isolated instances of hunger-driven attacks on government granaries by peasants. None of this, however, adds up to a serious threat to the regime. The watchfulness of the party, the pervasiveness of the secret police, and the haunting fear of informers preclude the organization of dissidents except in remote areas. Furthermore, there is considerable positive support for the regime. Millions of people have made real advances under Communist rule, and among many there is a feeling of pride in China's rapid advance as a world power.

44. Executions and condemnations to labor reform battalions are not resorted to as much as they were in the early 1960's because more effective methods of control have been developed which have the added virtue of bring-

ing less international disapprobation upon the regime. The use of overwhelming social pressures including accusation and confession meetings is a principal device employed. An effective damper upon dissidence is also provided by the extreme degree of regimentation which is imposed upon the people: they haven't the time, energy, or privacy to organize any kind of antiregime activities. Two new devices of regimentation introduced in the past three years are the commune system and the universal militia.

45. The great economic promises which the regime made for the commune system have remained unfulfilled, but the system has been retained in diluted form throughout the countryside, partly for social and political reasons. "Freeing" the housewife from household chores to work in the fields and factories, caring for children in communal child-care centers, and feeding the people in communal messhalls have all worked to weaken the family and to improve opportunities for surveillance and indoctrination. It is likely that during the period of this estimate the regime will move toward the reinstitution of some of the early commune features.

46. Social-political motivation is even more evident in the case of the urban communes. This program, which was postponed in 1958 when difficulties were encountered, was finally launched in March of 1960, and by July the regime claimed that nearly 55 million urban dwellers had been enrolled. The pattern of organization for urban communes is less standardized than that of the rural ones, but the chief characteristics appear to be the institution of communal messhalls and child-care centers and the release of women to various kinds of subsidiary industrial work. This unpopular program is of dubious economic value, and it has brought few if any real benefits to its members. Like the rural commune, however, it improves the regime's capabilities for regimentation and indoctrination. The use of service teams to do the housecleaning provides a continuing inspection of the workers' quarters and their few personal possessions.

¹¹ The average age of CCF Politburo members is over 60. Mao is 67; Chou En-lai, 63; and Liu Shao-ch'i, about 62.

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47. The new militia organization is likewise a potent instrument of control. Although a body of militia outside the army has existed for many years, the present nationwide framework for the militia dates from 1958. At that time it became an integral part of the "Great Leap Forward" and commune programs. From about five million members in 1950, the organization has grown to an estimated 230 million,¹¹ and includes women as well as men. According to Mao, the militia is not solely, or even primarily, an adjunct of the army, but is intended to serve many purposes: military, labor, educational, and physical culture. The primary tasks of this greatly expanded militia clearly lie in economic and political fields at present. It provides a means of organizing under military discipline a mobile labor corps which can be readily moved wherever it is needed. Units have been engaged in irrigation, flood prevention, cultivation, and construction projects. The organization of these peasants and workers along military lines and subject to military discipline adds one more means of regimenting the individual and preventing the organization of resistance.

48. To the leaders, however, these institutions of control represent only a beginning of the processes of creating a new "Chinese Communist man." The Chinese Communists have published articles praising the prospect of further decline of the family and claiming that love of the state is a far greater and more rewarding thing than love of family. How far they can actually go in changing the Chinese people remains to be seen, but they have already gone much further in regimenting the reputedly individualistic Chinese than most students of China had thought possible.

49. We believe it unlikely that antiregime activities will threaten the regime's ability to control and direct the country during the next five years. The Soviet experience of the early 1930's demonstrated that even mass starvation may not generate resistance that can upset a ruthless totalitarian regime. The

majority of people will probably be dissatisfied with their personal lot under communism, but they will lack any effective means of translating their discontent into active resistance. As disillusionment and the pressures toward dissidence increase, the sophistication and pervasiveness of Peiping's control mechanisms will also grow. Peiping's chief problem will be not so much the suppression of dissidence as the overcoming of apathy, fatigue, and passive resistance. In any case, we now see no serious threat, either internal or external, to the continuance of the regime.

C. Military ¹²

50. *General.* There have been no dramatic changes in the size, equipment, or deployment of Communist China's military forces during the past year. Progress toward improving the capabilities and modernizing the equipment of the armed forces has been steady, but not spectacular. Communist China's own munitions industry is growing principally as the result of industrial machinery and technical assistance from the USSR, and Soviet shipments of military equipment to China began to decrease in 1960. Peiping is still dependent upon Moscow for many kinds of military equipment and supply, particularly FOL and the more complex items associated with a modern and balanced conventional force. However, during 1960 Soviet shipments of military equipment and machinery for the production of military supplies to China appear to have dropped off sharply.

51. The concept of a large ground force continues to dominate Chinese Communist military doctrine. There are more than 2.6 million men in the military establishment, which is capable of defeating any other non-Soviet Asian force or combination of forces. About 95 percent of them are assigned to the army, making it the largest in the world. In addition to its traditional mission of defending Communist China, the army has important internal security, economic, and political

¹¹ Only a small percentage of these are militarily effective. See paragraph 52.

¹² See charts and maps, pages 27ff, for details concerning Chinese Communist military strengths and dispositions.

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functions. In fulfilling its functions the army is backed up by a large trained reserve and a huge People's Militia.

53. A few select Militia units have achieved a fair degree of military effectiveness. However, on the whole, the militia lacks the weapons, training, and support that are required in the development of military capabilities. In the strict military sense, the principal value of the militia lies in its potential as a source of partially trained manpower for replacements for the regular armed forces or to free the regular forces from routine internal security tasks.

53. The Chinese Communist Air Force and Naval Air Force have a combined personnel strength of about 82,500 and about 2,300 jet aircraft in operational units. The air force now has about 30 advanced fighters (FARMER/MIG-19) in tactical units. Its air defense capability has improved through modernization of its aircraft control and warning network and an intensified training program for fighter pilots. The air offensive capability lies in a light jet bomber (BEAGLE/IL-28) force of about 430 aircraft, 30 piston medium bombers (BULL/TU-4), and about 145 piston light bombers (BAT/TU-3). The Chinese Communist Navy (including its air force) has an estimated 78,500 men. Its principal strengths are its submarine force (39 ships, including 21 "W" Class), a large and effective motor torpedo boat force, and an extensive minelaying capability.

54. *Relations Between the Party and the Military.* Communist China's senior military and political leaders have worked closely together for many years. At least a third of the members of the Central Committee of the CCP have had extensive military experience, and nearly all of the remaining two-thirds have had some military experience. Every key position in the Ministry of National Defense and in the armed forces is held by a party member whose background includes continuous party activity since the 1920's or 1930's. Until recently there had been no indications of serious differences of opinion among the top leaders.

55. However, in September 1960 the Minister of Defense and the Chief of General Staff were replaced under conditions which strongly suggest that differences of view had developed among the top leaders on a number of important questions. We believe that these questions include the relative priority of military modernization versus economic development, party interference in professional military matters, and the constant involvement of the armed forces in nonmilitary activities like the commune program. In addition, it is likely that there are high-level disagreements concerning strategic concepts and the nuclear weapons issue. No widespread purge within the military appears to have followed the replacement of the Minister of Defense and the Chief of Staff, and it is likely that the present incumbents will attempt to close any gaps which may have developed between military and political thinking. However, as younger military technicians and specialists emerge and assume more responsible positions, it is likely that military-party differences will continue and perhaps increase.

56. *Sino-Soviet Cooperation and Advanced Weapons.* Communist China does not have as yet a missile or nuclear weapons capability of its own. Peiping is giving high priority to a nuclear weapons development program. Until the Chinese Communists develop their own nuclear capability they will remain dependent upon the USSR for military support with nuclear weapons. We believe it unlikely that the Soviets have stationed nuclear weapons in China, but even if they have, such weapons would almost certainly be held under strict Soviet custody. The USSR could give China nuclear weapons from its own stockpile, but it almost certainly has not done so, and we do not believe that the Soviets intend to do so within the foreseeable future. Similarly, we have no evidence that the USSR has equipped the Chinese with surface-to-surface ballistic missiles. There are indications, however, that the Chinese may have received some Soviet air-to-air missiles.

"Paragraphs 41-51 of NIE 100-3-60, "Sino-Soviet Relations," dated 9 August 1960, discuss this question in more detail.

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57. We are almost certain that the Chinese Communist desire for a nuclear weapons capability and Soviet reluctance to provide the Chinese such a capability is a major issue in Sino-Soviet relations. The Chinese Communists almost certainly consider that a demonstration of their capability to produce nuclear weapons would confirm their claim to great power status, and they will probably carry their nuclear weapons program forward as rapidly as feasible.

58. Our evidence with respect to Communist China's nuclear program is fragmentary as is our information about the nature and extent of Soviet aid. In what we estimate to be the present state of Chinese Communist competence, the carrying out of fissionable materials production programs requires significant Soviet assistance in the form of technicians, designs, and equipment. As we have estimated earlier, we believe that the Soviets have been moving at a deliberate pace in assisting the Chinese in the nuclear field, seeking to hold Chinese impatience and discontent at a level consistent with the Soviet view of the best interests of the Sino-Soviet relationship. Recent evidence strongly suggests that in the past the USSR has given the Chinese Communists more technical assistance toward the eventual production of nuclear weapons than we had previously believed likely. This evidence is insufficient to establish how much assistance has actually been given, although we believe the aid has been fairly substantial and increasing over the years, at least until recently.

59. The USSR has provided Communist China with a nuclear research reactor and is training nuclear scientists in the Joint Institute for Nuclear Research in Dubna, USSR. The exploitation of native uranium resources has been underway, with Soviet assistance, since 1960. At least 10 deposits are now being worked, and we believe that ore with a uranium metal equivalent of several hundred tons is being mined annually and retained in China. The Chinese Communists have probably initiated the processing of uranium ores into metals, and this leads us to believe they are currently building a plutonium production

reactor. Although there is no conclusive evidence, there are strong indications that they may also be building a U-235 gaseous diffusion plant.

60. On the basis of the fragmentary evidence available, we now believe that the most probable date at which the Chinese Communists could detonate a first nuclear device is sometime in 1963, though it might be as late as 1964, or as early as 1962, depending upon the actual degree of Soviet assistance.¹⁴ Given direct Soviet assistance in fissionable materials, designs, and fabrications, the Chinese could produce a nuclear detonation in China at almost any time in the immediate future. On the other hand, if as a result of Sino-Soviet dissensions there were a lessening of Soviet assistance in the nuclear field, the Chinese Communist progress would be substantially retarded.

61. While the explosion of a nuclear device would give the Chinese Communists political and propaganda rewards, they would almost certainly proceed to create an operational nuclear capability as quickly as feasible. However, at least two years would probably be required after the first test to produce a small stockpile of elementary weapons. Moreover, given economic limitations and the reali-

¹⁴ This paragraph is from NIE 100-4-00, "Likelihood and Consequences of the Development of Nuclear Capabilities by Additional Countries," dated 9 September 1960. See paragraphs 57 to 61 of that estimate for a fuller discussion of this question. See also NIE 13-9-60, to be published in mid-December 1960.

¹⁵ The Assistant Chief of Naval Operations (Intelligence), Department of the Navy, believes that information on the nature and extent of Soviet aid to Communist China is as yet insufficient for a reliable estimate of the year in which the Chinese Communists could detonate a nuclear device. He considers, however, that certain basic evidence should have become available to us by this time if the Chinese Communists were progressing toward detonation of a domestically produced nuclear device very much before the final stages of this five-year estimate.

The Assistant Chief of Staff, Intelligence, USAF, contingent upon continuation of the present level of Soviet assistance, believes that the Chinese will probably detonate their first nuclear device in 1962, and possibly as early as late 1961.

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ties of geography, they would probably rely initially on aircraft as delivery vehicles. They have a few piston medium bombers of the BULL type, which could reach Japan, Taiwan, Okinawa, South Korea, and South Vietnam, as well as additional areas in Southeast Asia. In addition we believe that by 1965 they may have a substantial number of jet medium bombers, assuming continued Soviet assistance.

62. The Chinese Communist missile program, we believe, is in the early research and development phase. The initial production effort will probably be air-to-air rockets with a simple type of radio or infrared guidance system. We believe that they will also go forward as rapidly as they are capable with the development of ballistic missiles, probably concentrating in the first place on a missile with a range of 200-500 n.m., capable of carrying a fission warhead. Such missiles would give them coverage of most of the targets mentioned above. If deployed in Tibet, such missiles would also give coverage of the major cities of northern India. We believe that they could develop such missiles by the late 1960's or, with considerable Soviet assistance, much earlier. We do not believe they could, by themselves, produce the 6,500 n.m. missile necessary to give them a capability against the US until well after 1970.

63. *Trends in the Military Forces.* In addition to pushing its program to attain a nuclear capability, Communist China will probably continue to increase its conventional military capability over the next five years. The rate of increase in Communist China's military capabilities will be determined in large part by the economic demands of the regime's overall economic development program and by the nature and extent of Soviet assistance.

64. By 1965 the Chinese Communist leaders will be more aware of the implications of nuclear weapons and this may have some effect on their strategic thinking. However, Communist China will probably still maintain a mass army. The offensive and defensive capabilities of the air force and naval air force will probably have improved considerably by 1965. Their jet fighter strength will gradually increase and higher performance aircraft will

be introduced. Offensive strength may be further enhanced by the introduction of jet medium bombers. Although Communist China's aircraft industry is becoming less dependent upon imported components, its assembly and production program is still dependent upon the Soviets for original blueprints, technical assistance, and training, and for the more complex electronic and specialized equipment. At present Chinese factories are turning out about 2 MIG-19's¹ and 12 light piston transports (COLT) per month. MIG-19 aircraft and engine production will probably build up to about 18 per month by 1962. We believe that the Chinese Communists are planning to build BADGER (TU-16) and/or GAMBEL (TU-104, the transport version) aircraft. Assuming continued Soviet assistance, we estimate that production could begin in the last quarter of 1961. The Chinese Communist Navy will also increase in size and improve its capabilities over the next five years. The shipbuilding industry will almost certainly continue to grow, producing additional and improved ships, primarily of Soviet design, for both the navy and the rapidly increasing merchant marine. Naval construction will include submarines as well as surface ships no larger than destroyers.

D. Summary

65. Despite the difficult problems the regime will encounter, domestic developments during the next five years will provide a stronger base for the regime's pursuit of its ambitious objectives. Its economic dependence upon the rest of the Bloc will be considerably reduced and its military dependence, though still critical in some respects, will lessen somewhat. Although throughout the period the effective striking range of its military forces will be limited to nearby Asian countries, Peking's

¹We believe that the Mukden aircraft plant is producing MIG-19 airframes and engines from domestically produced components. The metalurgical industry in Communist China has not yet mastered the technology involved in producing and fabricating the high-grade and high-temperature alloys—including chrome and nickel alloys—used in the manufacture of jet engines. Such alloys must still be imported from Bloc countries.

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ability to assert international influence will increase. Peiping's growing impact on world affairs will be greatest in the political field. Its capabilities in economic warfare will also increase, but not to the same extent. The steady growth of the domestic base will probably encourage continued confident aggressiveness of the regime in striving for the rapid advancement of Communist China's international position.

III. COMMUNIST CHINA'S INTERNATIONAL POSITION

A. Peiping's View of the World Situation

68. The Chinese Communists tend to have an astigmatic view of the world and of their own position in it. This distorted image is due in part to their limited exposure to the outside world. Probably of more importance, however, is their tendency to create a picture of the world that gives continuing validity to their own revolutionary experiences and successes, justifies the policies they feel they must pursue to solve their special domestic and international problems, and remains true to certain fundamental Communist precepts. Some of their foreign policy actions continue to demonstrate considerable pragmatic flexibility, and they probably overstate some of their views for polemical purposes. Nevertheless, their interpretation of world developments seems to have a strong doctrinaire and China-centric bias, leading Peiping to an overly optimistic appraisal of the prospects for communism in general and Communist China in particular.

69. In their picture of the world, the Chinese Communists see the alliance of the anti-Communist "imperialist" nations as weakened and divided and the US as frustrated and nearing political bankruptcy in world affairs. Since the advent of Sputnik in late 1957, the Chinese have apparently believed that Soviet weaponry developments have tipped the balance of world military power to the Bloc. They also appear convinced that the Bloc has surpassed the West in political influence in many areas of the world and will

overtake the West in economic power within a few years.

68. The Chinese Communists appear to view the uncommitted and underdeveloped countries as providing the greatest opportunity to hasten the collapse of the capitalist world. They portray the peoples of Asia, Africa, and Latin America as increasingly restive and disillusioned with their governments and with Western imperialism. They appear convinced that the time has come to encourage and support nationalist and Communist revolutions in these areas. This, they apparently believe, would isolate the US, lead to the disintegration of its alliance system, and deprive it of essential markets and raw materials.

69. With this view of the West on the run and the peoples of the uncommitted countries turning toward the Bloc, the Chinese have apparently concluded that unremitting Bloc pressure must be maintained, particularly on the chief enemy, the US, and that the world situation is ripe for exploitation by bold and militant Communist policies, even if a risk of war is involved. Accordingly, during the past year, the Chinese have argued with vigor that: (a) the unchanged and unchangeable nature of "imperialism" will inevitably breed new wars as the imperialist nations are pressed to the wall; (b) serious negotiation with the West is foolhardy, inasmuch as any detente or lessening of tensions would only provide the US a breathing space in which further to increase its preparations for war, and moreover would confuse the people of the world and dull their will to fight against imperialism; (c) emphasis should be placed on supporting revolutionary leftist movements, rather than on wooing nationalistic bourgeois governments; and (d) Bloc policy should not be seriously inhibited by fear of war, because even a nuclear war would not be disastrous. Indeed, the Communist Chinese claim to believe that the horrors of nuclear war are overrated, that at least 300 million Chinese would survive, and that a nuclear war would result in the universal triumph of communism.

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B. Sino-Soviet Relations ¹⁴

70. These Chinese Communist views of the world situation and Peiping's efforts to propagate them within the Bloc during a time when Soviet leaders were pursuing a more moderate policy emphasizing economic and political competition and minimizing risks of war, led to a sharp dispute between Moscow and Peiping. About June 1960 Khrushchev took the offensive and has since maintained strong pressure on Peiping. Moscow has intensified public attacks on Peiping's "dogmatism" and "narrow nationalism." It has also insisted, although in some cases unsuccessfully, that other Communist parties around the world back the Soviets in the dispute. However, the Chinese have not dropped their criticisms of the Soviets or abandoned their views, and have indeed hinted that they are prepared to rely on their own resources, if necessary, for future economic development.

71. A number of fundamental issues are at stake in the dispute. Foremost is Peiping's challenge to Soviet dominance of international communism. Contributing to this are sharp differences on the basic nature of Bloc policy, a clash of Russian and Chinese national pride, and the personal prestige of Mao and Khrushchev. In short, the controversy has achieved such momentum and involves such basic issues that a serious strain has developed.

72. Nevertheless, the cohesive forces in the alliance remain strong. Moscow and Peiping continue to share common broad objectives, and the recognition of a common enemy and of the many strategic advantages they derive from their alliance. There is almost certainly an acute awareness on both sides of the serious damage that a continued breach would inflict on their respective na-

tional interests and on the prospects of international communism. In addition, while the Soviet leaders cannot condone Chinese obstinacy or accept Chinese policy preferences without weakening their control of the Communist movement, they cannot allow an overt and formal breach to occur without a further serious loss of influence over the Chinese and without gravely weakening the international Communist movement as a whole. The Chinese, on the other hand, despite their revolutionary zeal and arrogance, need the continuing economic, political, and military support of the Soviet Union to achieve their ambitious foreign and domestic goals. Moreover, there is strong pressure from the other Communist parties for a resolution of the dispute.

73. However, since the Sino-Soviet disagreement involves such fundamental issues, it seems to us virtually impossible that there can be a return to the relationship of earlier days, with the Soviets dominating a closely-knit alliance. On the other hand, an overt and formal breach like that between the USSR and Yugoslavia in 1948, while possible, seems unlikely. Consequently, we believe that the alliance against the West will hold together, but that the estrangement will continue, with ups and downs as new issues arise. Even if some nominal Sino-Soviet accommodation is reached, the bitterness and suspicions engendered by the present dispute will continue to color the Sino-Soviet relationship. Neither will trust the other as fully as before, and policy coordination will be more difficult. In time—though not necessarily within the next few years—the problems inherent in the relationship could lead to even more serious crises in Sino-Soviet relations.

C. Communist China's Foreign Relations

74. Despite its arrogance and tough talk, in practice Peiping has been following essentially low-risk policies during the past year. This apparent contradiction suggests that Chinese Communist policy is neither irrational nor inflexible. One of Mao's fundamental

¹⁴ The judgments in this section appear to be consistent with such information as we now have on the recently adjourned conference in Moscow, NIE 100-3-60, "Sino-Soviet Relations," dated 9 August 1960, and Chapter V of NIE 11-4-60, "Main Trends in Soviet Capabilities and Policies, 1890-1955," dated December 1960, contain a more detailed discussion of this subject.

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concepts has been that a total and irrevocable commitment of forces should not be made unless there is overwhelming superiority over the enemy. Mao and his colleagues are almost certainly aware that Communist China does not possess such superiority at present.

75. The gap between Communist China's words and actions probably corresponds to the gap between its ambitions on the one hand and its own present power position on the other. Communist China's foreign policy will reflect this gap, with both tough and moderate tactics continuing to be applied, at times with little apparent consistency, to the various opportunities and challenges at hand. Though Peiping will assume a pose of sweet reasonableness in many instances, we do have some concern that Peiping's arrogant self-confidence and revolutionary fervor may increase the danger of Chinese miscalculation in Asia.

76. *Policy Toward the US.* The most intense element in Peiping's foreign policy is unremitting hostility toward the US. The Chinese Communists view the US as the major obstacle to their own ambitions and to the general expansion of Communist power and influence in the world. The Chinese Communist leaders have made the US the symbol of evil and maintained a "hate-America" campaign within China which at times has reached a near-frenzied pitch.

77. Still being in a real sense outside the international political arena and unable to challenge the US militarily or economically, Peiping has attempted to undercut US power and influence in the Far East, concentrating its pressures against the offshore islands, Taiwan, Southeast Asia, and Japan. Thus far, however, Communist China has won no clear victories in these areas, and has not been able to increase its own power and influence as rapidly as it has hoped. Especially evident in Chinese Communist foreign policy is a great element of frustration caused by US denial to Peiping of both Taiwan and acknowledged world status as a near-great power which governs China.

78. *The Taiwan Issue.*¹⁰ Much of Peiping's "hate-America" campaign revolves around the Taiwan issue. Peiping has never deviated from its views that the Taiwan question is purely an internal Chinese matter and that, consequently, support of the Nationalist government is "foreign intervention" and "aggression" against Communist China. Peiping will almost certainly not change its objective or views with respect to Taiwan and will remain vehemently opposed to a "two China" solution. It almost certainly will not renounce the use of force in the Taiwan area and will continue to maintain that the only peaceful solution would be for the US to withdraw its military commitments to the Nationalists and its military forces from the Taiwan Strait area.

79. The Chinese Communists are not likely to attempt to take Taiwan by force in the face of strong US defense commitments to the Nationalists. Peiping probably believes that the continued strengthening of its international position and a deterioration of the situation on Taiwan will eventually lead to the collapse of the Nationalists and the recovery of Taiwan. However, Peiping is anxious to speed up the process of acquiring Taiwan.

80. Accordingly, we believe that the Chinese Communists will again initiate a high level of military pressure in the Taiwan Strait area, within the next year or so. The form and nature of this pressure cannot be predicted with assurance. We believe that it will be primarily a probing action designed to test again Nationalist strength and morale and US resolve concerning the defense of the offshore islands and to exacerbate relations between the US and its allies. This action, however, will probably be at a level below that which Communist China estimates would lead to major hostilities with the US. The Soviet

¹⁰ The question of Taiwan and the likelihood of renewed Chinese Communist military activity in the Taiwan Strait area are considered in detail in the following estimates: SNIE 43-50, "The Offshore Islands," dated 6 September 1960; and SNIE 100-4-56, "Chinese Communist Intentions and Probable Courses of Action in the Taiwan Strait Area," dated 13 March 1969.

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estimate of the US response would be the key factor in determining the nature of any prior Soviet commitments to the Chinese and of the restraints the Soviets would seek to impose upon them.

81. *Communist China and the UN.* Communist China has made no concerted drive of its own for membership in the UN, but has relied upon the Soviet Union and several neutralist nations of the Afro-Asian group to present its case. Communist China wants the China seat at the UN both as a symbol of recognition of its big power status, as a blow to the Chinese Nationalists, and as a major defeat of US policy. Peiping would almost certainly refuse to take a seat under any arrangement which provided for continued Nationalist Chinese representation. The future policy of the USSR with respect to the UN is not entirely clear, and Moscow may seek to use the representation issue to embarrass the organization and the US. In any event, the China representation issue will probably become acute next year, since it now appears that the US will have serious difficulty in maintaining the moratorium.

82. *Policies in Asia.* Peiping's policies in Asia have not followed a consistent line. At the Bandung Conference in 1955, their hard, militant approach gave way to a "peaceful co-existence" line. In 1958 and 1959, Peiping reverted to a hard line in Indonesia, India, Japan, and the Taiwan Straits. Apparently realizing they had pushed too hard, the Chinese Communists have again shifted back toward the pre-1958 coexistence theme: they have accommodated Burma in settling the border issue, concluded friendship treaties with Burma, Nepal, and Afghanistan, revived proposals for an Asian peace pact and atom-free zone, and adopted a less adamant and arrogant attitude toward India and Indonesia. Peiping's less belligerent approach towards its Asian neighbors has occurred at the very time that Peiping has been trumpeting for a militant Communist world policy and almost wrecking its relations with Moscow in the process.

83. In Asia, Japan is a priority target for Peiping. The immediate Chinese objective is to weaken Japan's ties with the US and to stimulate Japanese neutralism. Peiping gave strong propaganda support and some covert financial aid to the demonstrations in Japan against the security treaty, and probably believes that its efforts contributed substantially to the cancellation of President Eisenhower's visit and the resignation of the Kishi government. The most significant Communist assets, from Peiping's point of view, are the neutralist sentiments in Japan and the continuing widespread belief among Japanese that more normal relations with mainland China are necessary for Japan. As it has in the past, Peiping may miscalculate Japanese reactions to attempts to influence its policies. However, unless Peiping overplays its hand, an increase in Sino-Japanese trade and cultural relations is probable, and the establishing of diplomatic relations is possible within the period of this estimate.

84. Communist China's growing power will increasingly threaten the stability and orientation of the states of Southeast Asia. In spite of Communist China's militant view of the world situation, we do not believe that Peiping intends to advance its aims in Southeast Asia by overt aggression with its own troops, or those of North Vietnam (DRV). Nevertheless, depending on the circumstances, the Chinese might sponsor the committing of DRV troops, or commit Chinese "volunteer" troops, in the event of US or SEATO military intervention in the Indochina states area. Peiping almost certainly believes at the present time that much of Southeast Asia can eventually be subverted without need of Chinese or DRV invasion, and will almost certainly continue clandestinely to supply equipment, training, and funds to Communist movements in the area. Peiping also may gain a greater degree of direction of these movements than it now appears to enjoy, and its militant outlook may accordingly be reflected in increased revolutionary activity on their part. In any event, awareness of the growing power of Communist China will probably cause certain Southeast Asian governments and leaders to become

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more responsive than they now are to Bloc pressures.

85. Unsatisfactory relations with India now constitute one of Peking's major policy problems in Asia—a problem for which it can find no easy solution. The border dispute is not likely to be resolved soon, although an eventual settlement may be achieved involving Chinese recognition of India's claims in NEFA and Chinese retention of the area it now controls in Ladakh. Even if such a settlement is reached, Communist China's relations with India are likely to remain cool and their rivalry in Asia is likely to intensify.²⁰

86. Policies Elsewhere. Peking has been giving great attention to Africa. In the past year Communist China has continued to give strong support to the Algerian revolutionary regime. It signed a treaty of friendship, a trade agreement, and extended a \$25 million credit to Guinea during President Sekou Toure's visit to Peking. Chinese Communist trade and cultural delegations have visited a number of new African countries. To date, Peking's efforts have not met with conspicuous success in terms of diplomatic recognition.²¹ However, the failure of any of the new African states at the 1960 General Assembly session to support the US-sponsored moratorium on UN consideration of Chinese representation almost certainly buoy's Peking's expectation of future African diplomatic support. The Chinese Communists undoubtedly also estimate, not without justification, that the confusion, inexperience, anticolonialist sentiment, and racialism which exist in Africa can be exploited not only for Communist, but for Chinese Communist benefit. Increasing Chinese activity is likely and it will constitute a potential source of Sino-Soviet friction.

²⁰ For a fuller discussion of these problems, see NIE 100-2-60, "Sino-Indian Relations," dated 17 May 1960, and NIE 61-60, "The Outlook for India," dated 25 October 1960.

²¹ In 1959-1960 it obtained recognition from Guinea, Ghana, and Mali. Of the 17 African nations which have achieved independence during 1960, 1 has recognized Peking, 6 have recognized the GRC, and the remaining 10 have taken no formal stand. Throughout Africa and the Middle East, 10 states recognize Peking, 18 recognize the GRC, and 12 recognize neither.

87. In general, Communist China has slackened its efforts in the Arab World. Its relations with several of the countries in the area, notably the UAR, have cooled. Peking appears to have switched interest to Africa, and its influence in the Middle East is likely to rise more slowly than in Africa.

88. In the last several years, the Chinese Communists have greatly stepped up their activities in Latin America. They have been particularly busy in Cuba and have effected a breaking of Cuban relations with the Republic of China and the establishing of diplomatic relations with Peking. The Chinese Communists apparently pin their hopes in Latin America more to a belief that revolutionary and anti-US sentiment will increase, than to any expectation of soon establishing friendly relations with existing governments other than that of Havana. Peking will almost certainly further increase its activities in Latin America and may well exert a growing appeal, due in part to China's rapid economic progress from underdeveloped status. Peking appears even now to have assumed, or been accorded, an increasing role in the guidance of Communist movements in Latin America.

D. Foreign Policy Outlook

89. Despite their impatient and bellicose attitude, we do not believe that the Chinese Communists plan to initiate overt military action in non-Communist Asia in the near future except perhaps in the Taiwan Strait (as discussed in paragraphs 78-80 above). Peking probably believes present trends in underdeveloped areas generally are moving along lines favorable to Chinese Communist interests and objectives. However, they are anxious to speed up these trends. While retaining a belligerent stance, the Chinese Communists will probably continue to follow policies which they estimate would not run high risk of war with the West, unless they have the backing of the USSR. However, Communist China will probably not hesitate to act tough from time to time, seeking to impress upon the people's of Asia its growing power and presence. At the same time, the Chinese Communists will probably be increasingly

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active in encouraging and supporting indigenous left-wing revolutionary movements throughout the underdeveloped world. Governments aligned with the US will continue to be the objects of periodic Chinese Communist vilification and pressure.

90. We believe that once Communist China detonates a nuclear device, and particularly when it attains a nuclear weapons capability, its foreign policy will become more truculent and militant. A nuclear explosion would also have a strong impact on other countries. The dominant reaction would be a fear that the chances of war had increased, and there would be stronger pressures for full acceptance of Communist China as a member of the world community. While some countries in Asia would increasingly look to the US to provide the counterbalance to Communist China's military strength, there would also be a heightened inclination toward accommodation with Peiping.

91. Even before the explosion of a nuclear device, Peiping's military power and potential may increasingly complicate the international disarmament problem. If Western disarmament negotiations with the USSR make sig-

nificant progress, international pressures will probably grow greatly for Communist China's participation. Peiping's leverage with respect to disarmament will become even greater once China has become a nuclear power. Peiping will exploit this situation in an effort to enhance its international status, but at the same time may attempt to prevent the conclusion of any disarmament agreement, at least until it becomes a nuclear power.

92. In 1966 Communist China will be playing more fully the role of a leading world power, whether or not it is a member of the UN. Its stature in Asia will have grown, and its military, economic, and subversive pressures will increasingly threaten the non-Communist Asian periphery. Peiping's policies will have ranged between a relatively moderate approach and outright toughness, but intense hatred for the US and an eagerness to push the Communist world revolution will probably still be dominant elements of Peiping's outlook. Communist China's arrogance and pretensions will almost certainly remain a source of concern for the USSR. At the same time the danger posed by Communist China to US interests, particularly in Asia, will have increased.

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APPENDIX I: SCIENTIFIC AND TECHNOLOGICAL

93. Education in China is now closely focused on the technological needs of the state. Out of a total of about 680,000 students graduated from college by mid-1960, an estimated 300,000 were in scientific and technological fields. However, the quality of scientific and technical education in China is still poor, and the training of most graduates in recent years has been along very narrow specialized lines which ill suit them for creative or independent developments in their fields. Only a very few highly trained scientists are available, probably about 1,000,²² most of them Western-trained. About 30,000 researchers and technicians in all are employed by research organizations. There also is an undetermined but probably much higher number of technically trained persons engaged in engineering development or other technical work primarily related to production. Currently, most new, high-caliber scientific and technical personnel are those trained in the USSR, but by 1965 the Chinese program should be producing some well trained men.

94. The major Chinese effort over the next five years therefore will be devoted to building up a scientific and technological base while channeling their present capabilities into areas essential to national development—improvement of the food supply, public health, heavy industry, and military technology. During this period, they will need and will continue to procure foreign technological aid and exploit Western and Soviet Bloc designs and practices.

95. The expanding biological and agricultural research and development programs related to food supply are not likely to improve greatly, but some gains in agricultural out-

put will probably result from the institution of modern practices. Achievements in health have been impressive in reducing infectious and epidemic diseases, but the level of health and individual medical care will remain poor. Areas important to raising the level of industrial technology, such as chemistry and metallurgy, will continue to show marked weakness despite vigorous efforts. Strong electronic capabilities are now emerging and, by 1965, Chinese capabilities should be approaching those of the more advanced European Satellites.

96. Military modernization is receiving strong emphasis. A fair capability to produce most kinds of conventional armaments is rapidly emerging. Little effort is yet expended on fundamental research in military fields, however. Both naval and aeronautical research facilities are supporting production of aircraft and ships primarily of Soviet design and more advanced models probably will be forthcoming in the next few years, still primarily of Soviet design. While we believe the present chemical warfare capability of Communist China is small and primarily defensive in nature, there is recent evidence of increasing activity in this field. Some CW agents are probably produced and a small but significant research program is believed to be underway. There is little evidence of activity in biological warfare. The Chinese are capable of achieving a modest BW program and a fairly substantial CW program by 1967, if they so desire.

97. In the atomic energy field, as in other fields, there is only a small corps of highly qualified scientists, most of whom received their training in the US, UK, France, or Germany. Although they are probably somewhat hampered by the administrative and training responsibilities which are imposed

²²This is roughly two percent of the number available in the USSR.

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upon them, they are capable of carrying forward work in nuclear weapons design. In addition to stepped-up training at home, Peking is expanding its nucleus of skilled personnel by sending advanced students to the USSR and the Satellites, particularly to the Joint Institute for Nuclear Research at Dubna in the USSR.

98. There is evidence of a growing awareness in Communist Chinese scientific and military circles of the importance of guided missiles in modern warfare, and it can be assumed that an increasing amount of basic scientific effort in China is being directed toward the ultimate development of a native missile capability. There are several outstanding Chinese Communist scientists, some of whom are US trained in missile technology or related fields.

99. Because both the technical and industrial requirements for a missile program are so great and so complex, and because of the lack of intelligence indicating any integration of these requirements toward a guided missile capability, we believe that the Chinese Communists are not yet ready to engage in the testing or production of any type of guided missile. It is possible that they are now in the theoretical or early planning stages.

100. They are believed capable of developing and producing unguided rockets for use with nonnuclear warheads by 1965. Such an endeavor is probable in order to provide the means for delivering large HE warheads at ranges in excess of conventional artillery.

101. A Chinese Communist official has stated that the regime will eventually launch an earth satellite, and there are indications that Chinese personnel are studying rocket technology with Soviet assistance. The Chinese would value highly the political and propaganda gains resulting from a launching. Using Soviet launching equipment, and with Soviet guidance throughout the project, Soviet-trained Chinese Communists could probably perform a successful earth satellite launching about one or two years after initiation of the project. The satellite itself, including scientific instrumentation, could be of Chinese design and manufacture. There is as yet, however, no evidence of the initiation of any projects to launch earth satellites from the territory of Communist China. Any launching from Communist China during the period of this estimate will be the direct result of Soviet participation and the decision to do so would be based on political factors.

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APPENDIX II: RELIABILITY OF CHINESE COMMUNIST ECONOMIC STATISTICS

102. The Chinese Communists, like their Soviet mentors, have made it difficult for foreign observers to use official data in gaining a clear understanding of the workings of the economy. They have released only partial data and in various ways presented misleading comparisons in reporting economic production and activities. This requires that Chinese Communist statistics be viewed critically and in some cases substantially discounted.

103. Since 1958 observers have been faced with a complication in the form of agricultural crop reporting which grossly overstated actual production. Our analysis of Peking's agricultural statistics between 1964 and 1957 indicates that they have been generally consistent and reasonably accurate. However, the patent impossibility of the production claims since 1958 has made it necessary in describing agricultural developments, to construct separate estimates based on evaluation of production factors, marketing and supply availabilities, and government policy directives. While we believe our estimates are consistent with all of these various indicators, they cannot by their nature be considered precise.

104. We believe that political influences, which sought to justify the communes and to spur rural localities to greater production efforts, debauched rural statistical reporting in 1958 and 1959 and inhibited the central statistical authorities from modifying and rationalizing the local data. When the Chinese Communists withdrew their extravagant agricultural claims in August 1959, they lowered the figures for grain and cotton production by one-third. At the same time, production targets for 1959 were correspondingly reduced. Even though top leaders, by their act of recanting in August 1959, seemed genuinely to want to face

facts, they took no effective measures to eliminate political domination of the rural statistical reporting system, which after the 1959 harvests again proved incapable of providing even reasonably accurate crop yield and production data. Whether the reporting system of the 1960 crops is still hopelessly corrupted by politics is unknown. Moreover, even if it were obtaining reliable data, the regime would be reluctant to admit its exaggerations by publishing them.

105. Chinese statistics for industrial production for 1958-1959 also became somewhat more difficult to interpret, although the Leap Forward psychology of these years did not corrupt the official data for industry as seriously as it did for agriculture. Large-scale modern industry, which had a relatively sophisticated accounting system providing reasonably accurate data, contributed most of the increased industrial output. Although the regime appears to have exaggerated the expansion of small-scale, "native" industrial output, its magnitude was not such as to cause major distortions in the total production estimates.

106. Chinese Communist claims for the production of several major industrial commodities and for the performance of the modern transport sector have been evaluated by examining their consistency with the capacity of the industry concerned and with inputs of labor and raw materials. In some instances, the existence of new plants or the expansion of old plants could be confirmed by reports of Western observers. In other cases it has been impossible to assess the practical meaning of claimed increases: for example, the quantity and quality of the three million tons of alleged steel produced in backyard furnaces

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in 1966 or the quality of the coal mined in the greatly increased production of 1968-1969. In general, however, this evaluation suggests that the official claims of great achievements in industry and transportation are plausible. Our estimate that the overall value of Chinese industrial production increased 33 percent in

1969 over 1968 was made by weighing and combining the results of this evaluation of claims for individual industrial products. The estimate that industrial output would increase by 25 percent in 1960 over 1959 is based on the 1960 production targets which we believe will be substantially fulfilled.

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APPENDIX III: TABLES AND MAPS

Table I
GROSS NATIONAL PRODUCT, BY END USE 1957-1959

End Use	Billion Yuan in Current Market Prices *			Percentage Distribution		
	1957	1958	1959	1957	1958	1959
Personal consumption expenditures	79.4	88.4	91.2	69.2	69.2	80.4
Gross domestic investment	23.4	29.3	47.9	20.4	26.7	21.3
Net foreign investment	1.0	2.7	2.7	0.9	0.5	0.5
Government purchases of goods and services	10.7	18.4	12.3	9.4	7.6	8.6
Gross national product	114.5	138.8	153.1	100.0	100.0	100.0

* The estimates of GNP in constant 1957 prices are as follows (billion yuan): 1957, 114.5; 1958, 136.6; 1959, 151.5.

Table II
AGRICULTURAL AND NONAGRICULTURAL
EMPLOYMENT * 1957-1959

Million Persons

	1957	1958	1959	1960	1961	1962	1963	1964	1965	Percent Increase 1957-1965
Total	267	292	315	321	327	333	339	345	351	22.3%
Agricultural	244	245	260	262	264	268	268	270	272	11.5%
Nonagricultural	43	44	55	59	63	67	71	75	79	82.7%

* Mid-year figures. Figures include civilian employment only.

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26

Table III
COMMODITY COMPOSITION OF IMPORTS AND EXPORTS
1967-1968

	1967			1968			1969		
	Total	Free World	Soviet Bloc	Total	Free World	Soviet Bloc	Total	Free World	Soviet Bloc
Exports	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Agricultural products	83.9	82.1	47.8	83.1	83.9	46.7	48.5	80.1	43.9
Minerals and metals	16.3	9.3	30.8	13.2	6.9	17.3	11.5	7.8	13.3
Chemicals	6.6	4.3	7.8	5.7	4.8	6.3	3.9	3.5	4.1
Industrial products	30.1	30.9	19.6	34.3	33.3	26.1	30.3	34.3	33.1
Miscellaneous	2.8	2.4	4.3	2.7	2.1	4.7	5.8	4.3	6.6
Imports	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Agricultural products	9.9	26.6	0	8.5	19.3	0.7	5.7	16.1	0.3
Petroleum products	6.9	0	11.3	5.6	0	9.8	8.4	neg.	9.7
Chemicals	15.3	26.8	2.3	14.1	20.1	3.8	13.3	34.6	2.0
Minerals and metals	7.4	6.4	6.7	30.9	34.1	9.3	13.9	28.6	8.7
Machinery and equipment	48.4	14.3	61.9	36.6	3.9	61.8	47.3	9.8	67.0
Other manufactured goods	6.7	14.3	1.9	3.9	6.9	1.7	2.7	8.8	1.1
All other (mainly Military goods) ..	10.4	1.7	15.9	8.3	0.8	13.7	9.8	1.3	14.3
Totals do not necessarily equal sum of parts because of rounding.									

Table IV
PERFORMANCE OF MODERN FREIGHT TRANSPORT
1967-1968

Sector	1967	1968	1969	1960	1961	1962	1963	1964	1965
billion ton-kilometers									
Performance									
Railroads	134.89	125.88	269.4	368.0	422	496	365	636	700
Motor trucks	3.94	6.96	13.0	18.9	23	27	31	35	39
Inland waterways	39.13	26.87	40.3	66.4	66	80	83	106	126
Coastal shipping	14.37	18.84	23.8	33.3	49	58	67	79	85
TOTAL	172.93	236.55	346.5	485.6	562	660	706	851	949
million metric tons									
Tons carried									
Railroads	274.39	281.09	643.0	739.9	870	1,030	1,179	1,339	1,470
Motor trucks	83.73	178.30	344.0	546.0	666	770	896	1,000	1,118
Inland waterways	49.49	56.86	91.4	136.1	156	183	213	249	299
Coastal shipping	13.38	18.70	31.8	43.9	64	64	94	85	98
TOTAL	411.79	632.76	1,069.2	1,465.9	1,794	2,067	2,341	2,645	2,949

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Table V
THE CHINESE COMMUNIST GROUND FORCES

	Units	Estimated Strength
		2,681,000 Total *
Armies	36	7 @ 40,000 16 @ 42,000 6 @ 47,000 6 @ 44,000 1 @ 21,000
Divisions		
Infantry	115 *	70 @ 15,000 45 @ 1,000- 14,000
3 Infantry Regiments		
1 Artillery Regiment		
24 light and medium field artillery pieces		
12 medium mortars		
1 AA battalion		
12 light AA pieces		
12 AA machine guns		
1 AT battalion		
12 x 87/70-mm AT guns		
1 tank-assault gun regiment *		
23 medium tanks		
12 self-propelled assault guns		
Armored	3 *	6,000 each
50 medium tanks		
10 heavy tanks		
6 self-propelled guns		
Airborne	3 *	7,000 each
Cavalry	3 *	5,000 each
Artillery		
Field Artillery	14	5,500 each
100 pieces up to 122-mm		
Rocket Launcher	3	2,300 each
72 x 122-mm multiple rocket launchers		
Antitank	3	2,400 each
96 AT guns		
Antiaircraft	9	1 @ 4,000 8 @ 2,700
1 @ 84 light and medium guns		
8 @ 82 light and medium guns		
Public security	17	7,000 each
TOTAL NUMBER OF COMBAT DIVISIONS	106	

* Figure includes support and miscellaneous elements not shown in this Table.

* To date, 70 of the 115 infantry divisions are believed to have the tank-assault gun regiment. (In addition, the ground forces include approximately 60 independent combat regiments including artillery, cavalry, tank, and public security.)

* Counted for purposes of comparison or measurement of line division strength, we consider, on this basis, that the Chinese Communists have an estimated total of 134 line divisions.

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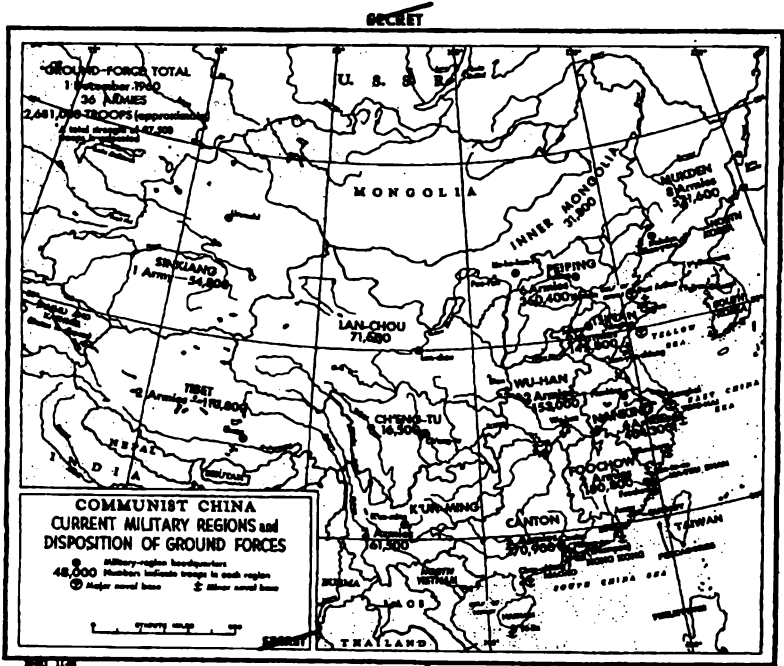
Table VI
CHINESE COMMUNIST AIR FORCE AND
NAVAL AIR FORCE
Estimated Operational Strength—1 October 1960

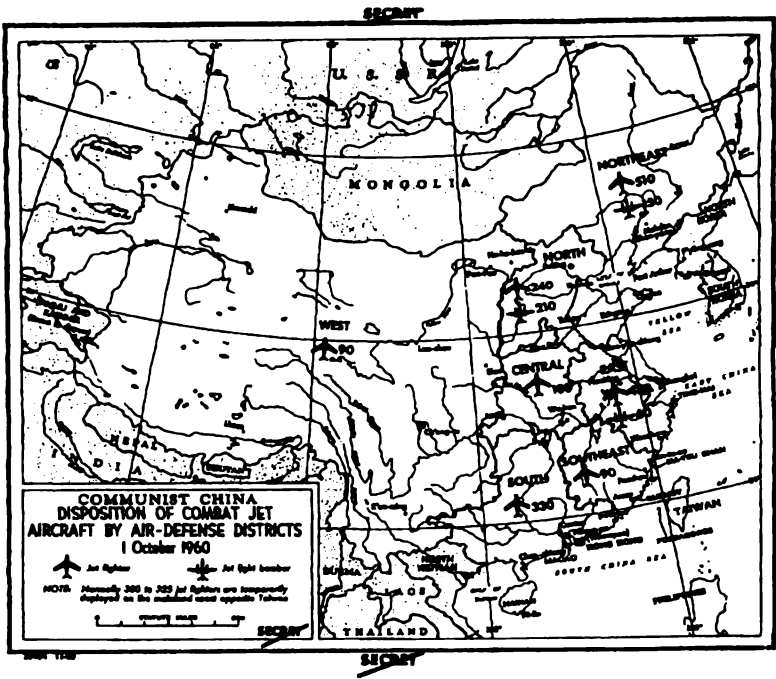
Personnel	NAVY 13,500	AIR FORCE 69,000	Total 82,500
Fighter			
Jet	270	1,418	1,688
Attack			
Jet (Ftr)	0	180	180
Prop	0	40	40
Light Bomber			
Jet	180	240	420
Prop	20	135	155
Medium Bomber			
Prop	0	20	20
Transport			
Prop (Light)	10	145	155
Prop (Small)	0	2	2
Helicopter			
(Light)	10	30	40
Reconnaissance			
Prop (ASW)	10	0	10
Trainer			
Jet (Ftr)	20	105	125
TOTAL	500	2,297	2,817

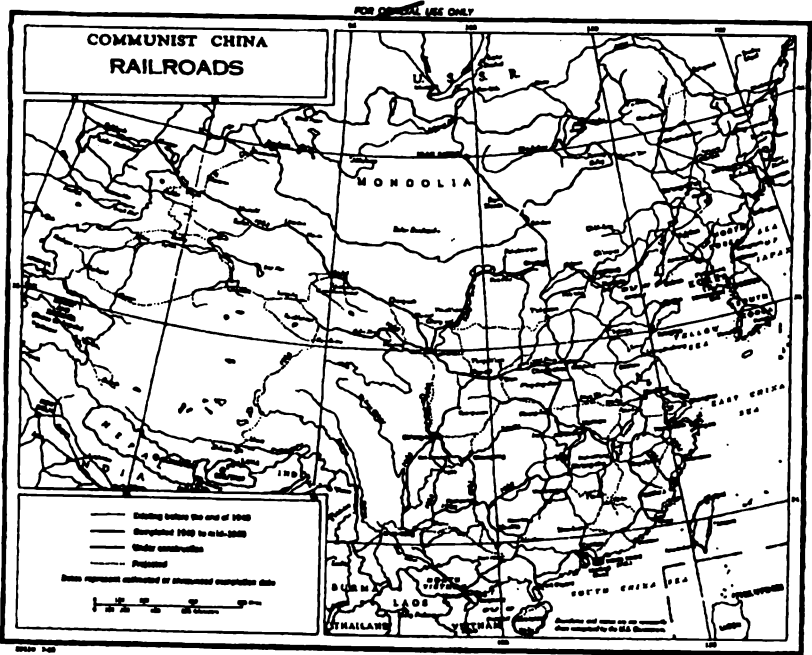
Table VII
CHINESE COMMUNIST NAVY ESTIMATED
SHIP AND PERSONNEL STRENGTH
1 January 1961

Personnel	78,500 (Includes 13,500 Naval Air Force)
Principal Combatants	
Destroyers (DD)	4
Escort Ships (DE)	4
Submarines (SS)	20
Long-range W-Class ..	21
Long-range S-1-Class ..	4
Short-range	4
Patrol	247
Mine Warfare	26
Amphibious Warfare	250
Auxiliary	48
Service	300

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SECTION 18

NIE 13-2-60

The Chinese Communist
Atomic Energy Program

13 December 1960

APPROVED FOR RELEASE
DATE: MAY 2004

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13 December 1960

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**NATIONAL INTELLIGENCE ESTIMATE
NUMBER 13-2-60**

**THE CHINESE COMMUNIST
ATOMIC ENERGY PROGRAM**

THIS DOCUMENT CONTAINS CODE WORD MATERIAL

Submitted by the

DIRECTOR OF CENTRAL INTELLIGENCE

The following intelligence organizations participated in the preparation of this estimate: The Central Intelligence Agency, the National Security Agency, and the intelligence organizations of the Departments of State, the Army, the Navy, the Air Force, The Joint Staff, Defense, and the Atomic Energy Commission.

Concurred in by the

UNITED STATES INTELLIGENCE BOARD

on 13 December 1960. Concurring were The Director of Intelligence and Research, Department of State; the Assistant Chief of Staff for Intelligence, Department of the Army; the Assistant Chief of Naval Operations for Intelligence, Department of the Navy; the Assistant Chief of Staff, Intelligence, USAF; the Director for Intelligence, The Joint Staff; the Assistant to the Secretary of Defense, Special Operations; the Atomic Energy Commission Representative to the USIB; and the Director of the National Security Agency. The Assistant Director, Federal Bureau of Investigation, abstained, the subject being outside the jurisdiction of his Agency.

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THE CHINESE COMMUNIST ATOMIC ENERGY PROGRAM

THE PROBLEM

To determine the current status and the probable future course of the Chinese Communist atomic energy program to mid-1965.

SUMMARY AND CONCLUSIONS

GENERAL

1. Communist China is energetically developing her native capabilities in the field of atomic energy. Since the early 1950's she has been making a concerted effort to develop the corps of scientists and technicians and establish the research facilities essential to the exploitation of nuclear energy. The over-all effort has progressed steadily since 1955 with the benefit of a substantial amount of Soviet aid. This assistance has been obtained by the Chinese Communists via negotiated, formal arrangements under which they apparently have maintained a considerable degree of autonomy. However, we believe that the Soviets have provided this aid at a deliberate pace, hoping to postpone the attainment of a native Chinese nuclear weapons capability as long as possible.

ORGANIZATION

2. Control of the Chinese Communist military atomic energy program and direction of much of the total atomic energy program is currently vested in the Second Ministry of Machine Building (SMMB), which was established in February 1963. This ministry is probably patterned after its Soviet counterpart, the Ministry of Medium Machine Building. The peaceful uses aspects of the program, covering nuclear research, training, and

isotope applications, are largely under the control of the Scientific and Technological Commission of the State Council, with the Institute of Atomic Energy of the Academy of Sciences as the most prominent research establishment.

TECHNICAL CAPABILITIES

3. The Chinese Communists have acquired a small but highly competent cadre of Western-trained Chinese nuclear specialists. Their nuclear research effort has expanded rapidly since the early 1950's and more than twenty nuclear research facilities have been established at institutes and universities. In addition to the Soviet-supplied research reactor and cyclotron, there are a variety of cyclotrons and other accelerators, most of which are of Chinese manufacture. The Chinese have access, through the Joint Institute for Nuclear Research, to the large Soviet accelerators at Dubna. China's share of the financial costs of the institute is 20 percent, a share exceeded only by that of the Soviet Union. We believe that the widespread Chinese training and research effort is coordinated to the needs of the military atomic energy program. The Chinese Communists are now capable of comprehending and exploiting the large body of open scientific literature in the nuclear sciences. However, the present shortage of

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trained scientists and engineers will probably persist throughout the period of this estimate. This shortage would hamper Chinese efforts to design, construct, and operate facilities for the production of fissionable materials and would be particularly serious, should the Soviets decide to reduce or terminate their technical aid.

URANIUM ORE PRODUCTION

4. During the period 1950-1954 the Chinese Communists, with some Soviet aid, explored a number of areas for uranium resources. In 1955 this quest for uranium, as well as the supporting Soviet aid, was intensified.

Soviet ore concentration plant designs developed for the Chinese in 1957 were probably intended for the exploitation of these southern deposits and expansion of Sinkiang operations.

5. Although we have no information on the actual grades of the ore, we estimate that Communist China is currently producing ore equivalent to about 500 tons of recoverable uranium metal per year (see Table 3, page 16), and by 1963 will be capable of producing more than a thousand tons per year. We have no evidence that any Chinese Communist uranium ore has been supplied to the USSR, and believe that it has all been retained for domestic use.

URANIUM METAL

6. evidence that a uranium metal facility was constructed during

the 1957-1960 period.

Accordingly, we estimate that a Chinese uranium metal plant came into operation in late 1960.¹

FISSIONABLE MATERIALS

7. Chinese development of uranium resources and the construction of ore concentration and uranium metal plants certainly imply an intended use for the uranium in plutonium production. Although uranium metal is not required for U-235 production, the first stages of the process could also supply feed for U-235 separation. Planning and design of fissionable materials production facilities could have been in progress in China as early as 1957.

8. We estimate that a first Chinese production reactor could attain criticality in late 1961, and the first plutonium might become available late in 1962.¹ Since there is no conclusive evidence for the date of the uranium plant startup, and since the construction of reactor and chemical separation facilities has not been directly established, the actual start of plutonium production could be a year earlier or several years later.

9. It is possible that a U-235 plant is now under construction. Considering the magnitude of the developmental work and industrial support required for the construction of a gaseous diffusion plant, however, it is improbable that the Chinese could produce highly enriched U-235 earlier than late 1962.¹

¹The Assistant Chief of Staff, Intelligence, Department of the Air Force, disagrees with the uranium metal and fissionable materials production schedule in paragraphs 6, 8 and 9. An alternative interpretation

is that a plutonium separation plant came into operation in late 1960. See his footnote to paragraph 10, page 3.

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~~TOP SECRET~~**NUCLEAR WEAPONS**

10. On the basis of all available evidence, we now believe that the most probable date at which the Chinese Communists could detonate a first nuclear device is sometime in 1963, though it might be as late as 1964, or as early as 1962, depending upon the actual degree of Soviet assistance.² If the Soviets provide fissionable materials, and assist in the design and fabrication of a nuclear device, the Chinese could produce a nuclear detonation in China at almost anytime in the immediate future. On the other hand, if there were a lessening of Soviet assistance in the nuclear field as a result of current Sino-Soviet dissensions, progress would be substantially retarded.

11. While the explosion of a nuclear device would give the Chinese Communists political and propaganda rewards, they would almost certainly proceed to create an operational nuclear capability as quickly as feasible. However, at least two years would probably be required after the explosion of a nuclear device to produce a small number of elementary weapons.

²The Assistant Chief of Staff, Intelligence, Department of the Air Force believes that the Chinese will probably detonate their first nuclear device in 1963, and possibly as early as late 1961. The great political, psychological, and military advantages to be gained are such that the Chinese would accord top national priority to the development of a nuclear weapons program. He interprets the available evidence on the production schedule of uranium metal and fissionable material to indicate that in 1960 a uranium metal plant started producing fuel elements for the production reactor which is believed to have gone critical in 1960. The first nuclear device will probably use plutonium from this reactor. Finally, he believes that after late 1961 highly enriched U-235 will be available for subsequent devices.

For the view of the Assistant Chief of Naval Operations (Intelligence), Department of the Navy, see footnote 3, page 19.

NUCLEAR POWER

12. Since the Chinese nuclear program appears to be weapon-oriented, we believe that production reactors would be given precedence over reactors designed for nuclear power. Further, we do not believe that the Chinese would complicate the design of their first production reactors in an effort to extract by-product power. We estimate that the Chinese will not construct nuclear power stations in the 1960-1965 period.

SOVIET ASSISTANCE

13. Soviet assistance has been an important factor in the Chinese atomic energy program. Under an agreement for cooperation concluded in 1955, the Soviets have provided to the Chinese a research reactor, cyclotron, technical assistance and training. A Sino-Soviet Scientific and Technical Agreement for the years 1958-1962 was concluded in 1958. Other known Soviet aid has been largely concerned with uranium prospecting and the preparation of designs for uranium ore concentration and uranium metal facilities.

14. We have no firm evidence of Soviet assistance in designing or constructing fissionable materials production facilities or in supplying the materials or equipment needed for such production.

15. There is some evidence that Soviet aid may have been curtailed.

reports that a general withdrawal of Soviet technicians from China took place in mid-1960.

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DISCUSSION

I. INTRODUCTION

16. There is ample evidence that Communist China is placing great emphasis on atomic energy in its quest for the scientific and military stature essential to a major world power. Two major related efforts are being accorded a very high priority:

a. The development of schools and laboratories required for the training of scientists and engineers and the conduct of research essential to the understanding and exploitation of the nuclear sciences;

b. The development of the scientific and industrial base which would be needed for the development and production of nuclear weapons.

17. A large body of information is available concerning the Chinese quest for trained manpower and research facilities, and how this effort is organized and controlled. Information on their military atomic energy program is quite scanty; however, their large scale exploitation of their uranium resources and statements by key Chinese Communist officials are strong evidence that they intend to develop a native nuclear weapons capability.

II. HISTORY AND ORGANIZATION OF THE CHINESE COMMUNIST ATOMIC ENERGY PROGRAM

GENERAL

18. Control of the Chinese Communist military atomic energy program and direction of much of the total atomic energy program is currently vested in the Second Ministry of Machine Building (SMMB) (see Figure 1). This ministry is probably patterned after its

Soviet counterpart, the Ministry of Medium Machine Building. The peaceful uses aspects of the program, covering nuclear research, training, and isotope applications are largely under the control of the Scientific and Technological Commission (STC) of the State Council, with the Institute of Atomic Energy (IAE) of the Academy of Sciences as the most prominent research establishment.

MILITARY ATOMIC ENERGY PROGRAM

19. Evolvement of the organization of the military aspects of the Chinese Communist atomic energy program can be traced through several stages of development. Early in 1955, widespread activity by uranium prospecting/mining units

In 1956, Liu Chieh, the Deputy Minister of Geology and Deputy Head of the Third Bureau, was

the one with whom Soviet atomic energy advisers in China had to deal, an indication that Liu was in over-all control of the program. In addition, Liu headed the Chinese delegation to the March 1956 conference in Moscow which resulted in the formation, by eleven Bloc countries, of the Joint Institute for Nuclear Research (JINR) at Dubna, USSR. It is evident that his atomic energy responsibilities were not limited to uranium procurement.

20. In November 1956, the Third Ministry of Machine Building (TMMB) was established under General Sung Jen-ch'ung. A third ministry had been originally established in April 1956 to handle the manufacture of machinery and electric generators, but was abolished in May 1956 when its responsibilities were taken over by the Ministry of Power Equipment Industry. The functions of the new Third Ministry were not made public,

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ORGANIZATION OF NUCLEAR RESEARCH

21. In April 1957, the Chinese press announced that Liu Chieh had been relieved of his duties in the Ministry of Geology and the Third Office of the State Council without mention of the reasons for his relief or of his future assignment. It is reasonable to assume that Liu assumed a comparable position with the TMMB.

22. In February 1958, the TMMB was renamed the Second Ministry of Machine Building. We do not believe that this change in name represented any real change in the nature or functions of the former TMMB. This belief is supported by an announcement in the Chinese press on 18 September 1959 that Liu Chieh was Deputy Minister of the SMMB, and on 13 September 1960 he was appointed minister.

23. Some of the elements of the present SMMB have been identified

The First and Seventh Bureaus, referred to in the Chinese Communist press in December 1957 as being under the TMMB, may have continued to function after establishment of the SMMB. A list of these elements is given in Table 1.

24. Promotion of science was an announced policy of the Chinese Communist regime after its takeover in 1949, and emphasis was accorded to nuclear studies from the outset. The new regime established the Chinese Academy of Sciences in November 1949 (with 15 to 20 institutes), by reorganizing and consolidating the various institutes and laboratories of the Chinese Nationalist's Academia Sinica and the National Academy in Peiping. The new Academy's Institute of Modern Physics (later named the Institute of Physics and then renamed the Institute of Atomic Energy in early 1957) was assigned nuclear studies as a priority mission. The Chinese have stated that the research program of this institute did not begin until 1953. In March 1954, they announced their intention of asking the Soviet Union for aid in their nuclear program, and in April 1955, an agreement was signed under which the Soviets were to supply a research reactor, cyclotron, and technical assistance and were to train Chinese specialists (see paragraph 69).

25. The nuclear research and training effort was intensified during the years 1955 to 1957. The goals of scientific and nuclear policy were clarified, local resources and capabilities were surveyed, the necessary steps were taken toward setting up a nuclear research organization, and a number of basic research projects in nuclear science and technology were launched. The nuclear energy program was given a further boost with the completion of the research reactor and cyclotron at the Institute of Atomic Energy, Peiping in mid-1958.

26. In May 1956, the State Council of the CPR established the Scientific Planning Commission, composed of high-level scientific, communist party, and military members. The commission formulated a Twelve Year Plan for Science (1956-67), wherein stress was given to research in certain broad fields of endeavor, the leading field to be atomic energy.

27. Chinese nuclear research is also being assisted by China's membership in the Joint Institute for Nuclear Research (JINR) at

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Table 1
SOME ELEMENTS OF THE SECOND MINISTRY OF MACHINE BUILDING

UNIT		REMARKS
First Bureau		Per Chinese press, existed under TMMB before it was renamed SMMB
Third Bureau	December 1956 (Subordinate to Min. of Geology), October 1957 (Subordinate to TMMB), February 1958 (subordinate to SMMB)	Control of units throughout China, engaged in uranium prospecting and mining
Sixth Bureau	16 June 1960	As supplier of atomic energy related instruments
Seventh Bureau		Per Chinese press, existed under TMMB before it was renamed SMMB
Twelfth Bureau	17 July 1960	As contracting organization for the Tientsin Municipal Chemical Industry Bureau for the delivery of deep-well water pumps

Dubna, USSR, since 1956. China's share of the financial costs of the institute is 20 percent, a share exceeded only by that of the Soviet Union.

28. Currently, the nuclear energy research and development program is controlled and directed by two main bodies, the Scientific and Technological Commission (STC) and the Academy of Sciences (AS). (See Figure 1). The STC is the most powerful organization for controlling scientific research in Communist China. Formed in 1958 by merger of the Scientific Planning Committee and the State Technological Commission, it supervises closely the cooperation and coordination of research between the AS and other research organizations. The Academy of Sciences is the chief organization for research in Communist China (see Figure 2). Certainly, the most important nuclear research is carried out by the Academy's Institute of Atomic Energy's two

locations in Peking. We believe that the SMMB also exerts considerable influence in the area of nuclear research and training.

29. More than twenty different installations for nuclear energy research have been identified (see Annex A), and there is good reason to believe that the Chinese will continue to stress nuclear energy research through the establishment of additional facilities. A number of institutes of the AS, dealing with physics, chemistry, mathematics, geology, and electronics are known to be engaged in various aspects of the Chinese Communist atomic energy program.

III. TECHNICAL CAPABILITIES

NUCLEAR RESEARCH

30. The Communist Chinese have steadily advanced their nuclear research effort since the early 1950's. Principally under the IAE the

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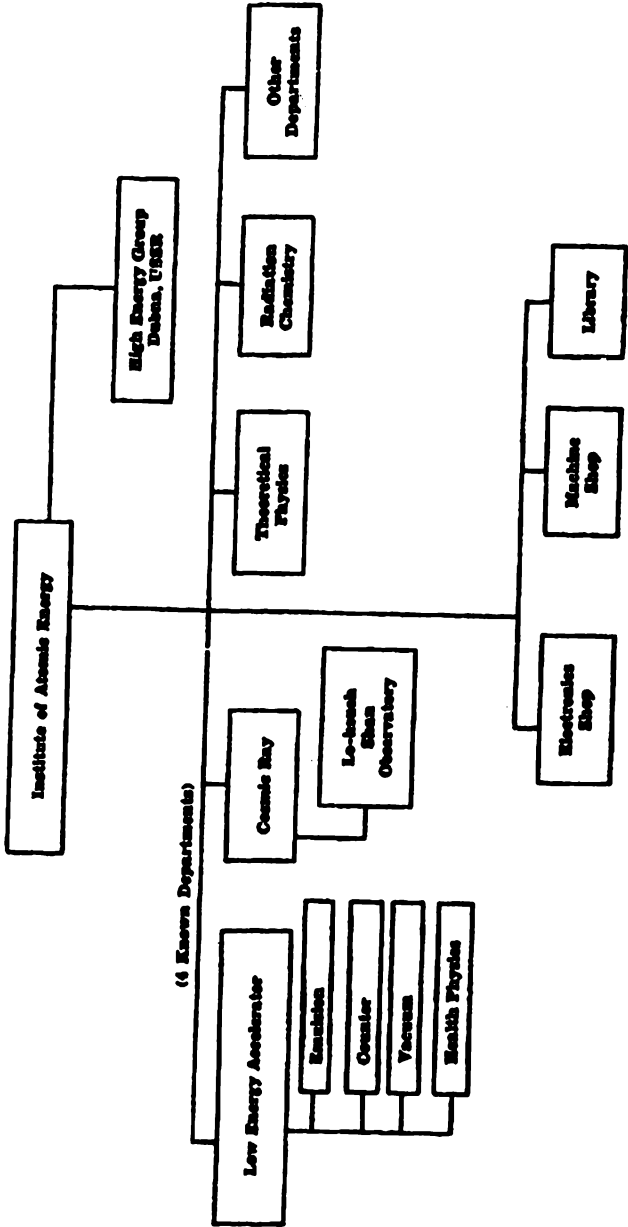
Figure 1



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Figure 2
ORGANIZATION OF THE INSTITUTE OF ATOMIC ENERGY



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Communist Chinese, with varying degrees of Soviet assistance, have established more than twenty facilities engaged in nuclear research in various parts of the country (see Figure 3). The major institute, located in the suburbs of Peiping (see Figure 4), about 20 miles southwest of the city, houses the Soviet-supplied 7.5 to 10MW research reactor and the 25 Mev cyclotron (Figures 5 and 6). The reactor uses two percent enriched uranium fuel and heavy water as moderator. It has been one of the less successful examples of Soviet assistance to the Chinese. For nearly one and one-half years after the reactor became critical in 1958 its operations were suspended because of mechanical difficulties.

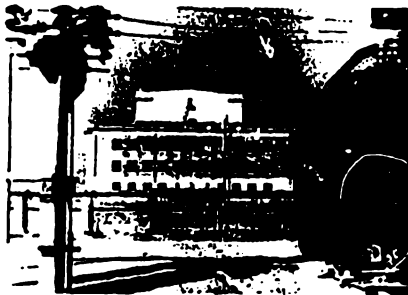


Figure 4

Research reactor and cyclotron building of the IAE, Peiping, 1958

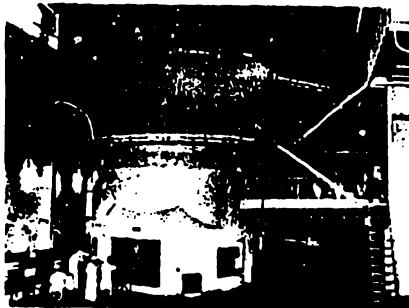


Figure 5

Research reactor at the IAE, Peiping, 1958

31. Chinese high energy physics research is carried out at the Joint Institute for Nuclear Research at Dubna, USSR. Nuclear reactions of high energy mesons and protons are studied utilizing the 10,000 Mev synchrotron and the 630 Mev synchrocyclotron, bubble chambers, emulsions, and Cherenkov counters. Wang Kan-ch'ang, leader of the Chinese scientists at Dubna, and also Deputy Director of JINR, recently has been credited as being one of the discoverers of a new nuclear particle, the anti-sigma minus hyperon.

32. Theoretical research in cosmic rays is conducted by a department of the IAE. Experimental data are gathered at the Lohsueh Shan Observatory in Yunnan Province (see

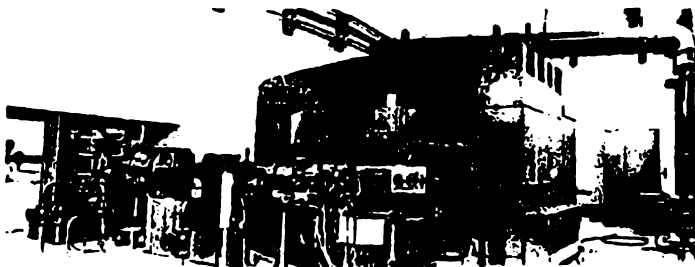


Figure 6

The IAE's 25 Mev cyclotron, Peiping, 1958

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Figure 7), which is equipped with multi-plate and magnetic-field cloud chambers (see Figure 8). There are also facilities for the observation of cosmic ray strength, including a cubical-shaped meson monitor, a neutron recorder, and a large-sized, Soviet-furnished ionization chamber. Closely allied to the theoretical research in cosmic rays is the work conducted by a small group of scientists at the IAE in nuclear physics, which is similar to that con-

ducted in a number of other countries. This includes calculations of energy levels, utilizing the shell-model concept, and studies of the inter-actions of nucleons and the characteristics of fundamental nuclear particles.

RESEARCH EQUIPMENT

33. Although the Communist Chinese have received large quantities of laboratory equipment from the USSR, they have been quite successful in building scientific apparatus for their research. (Major items of nuclear research equipment are listed in Table 2). They have built two accelerators at the IAE's location about eight miles northwest of Peiping, (Figure 9), which is primarily concerned with theoretical nuclear physics and low energy acceleration. These machines are a 2.5 Mev electrostatic proton accelerator and a 6.75 Mev Van de Graaff accelerator. Other native equipment includes the 1 Mev cyclotron at the Physics Department of Southwest Normal College, the 2 Mev cyclotron at Tsinghua University, a 10 Mev induction-electron accelerator (betatron) at the Central China Engineering Institute in Wuhan, and a 5 Mev induc-



Figure 7

Lohsueh Shan Observatory for cosmic ray research, Lohsueh Shan, 1957



Figure 8

Multiplate equipment for cosmic ray research at Lohsueh Shan Observatory, 1957

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Table 2
MAJOR ITEMS OF NUCLEAR PHYSICS RESEARCH EQUIPMENT IN COMMUNIST CHINA

Item	Location	Research Facility	Rating	Remarks
Reactor	Peiping (SW)	IAE	1.5-18 MW	Soviet Supplied
Reactor	Peiping (NW)	Tsinghua University	2 MW	
Reactor	Tientsin	Nank'ai University	3 watt	
Accelerator	Peiping (SW)	IAE	25 Mev	Soviet Supplied Cyclotron
Accelerator	Peiping (NW)	Tsinghua University	3 Mev	"Induction Electron Cyclotron"—Betatron
Accelerator	Tientsin	Tientsin University	3 Mev	Cyclotron
Accelerator	Chungking	Southwest Normal College	1 Mev	Cyclotron
Accelerator	Ch'engtu	Szechwan University	.06 Mev	
Accelerator	Peiping (NW)	IAE	2.5 Mev	Electrostatic Proton
Accelerator	Peiping (NW)	IAE	0.75 Mev	Van de Graaff
Accelerator	Peiping (NW)	Peiping University	30 Mev	"Induction Electron Cyclotron"—Betatron
Accelerator	Peiping (SW)	Peiping University	0.7 Mev	Electrostatic
Accelerator	Tientsin	Nank'ai University	3 Mev	Electrostatic
Accelerator	Canton	Chungshan University	(unknown)	Rotary
Accelerator	Hsian	Chiaotong University	1.5 Mev	Electrostatic
Accelerator	Lata (Dairen)	Institute of Petroleum AS	2 Mev	Van de Graaff
Accelerator	Wuhan	Wuhan Atomic Energy Research Institute	2 Mev	



Figure 9

The IAE research establishment, Peiping, 1958

tion-electron cyclotron at Tsinghua University in Peiping (see Figure 10).

34. The Chinese have made considerable progress in establishing a broad capability to manufacture a wide range of necessary equipment for training young nuclear scientists and for supporting the nuclear research of their institutes and universities. An intensive effort has been made to provide from domestic sources a sufficient quantity of nuclear radia-

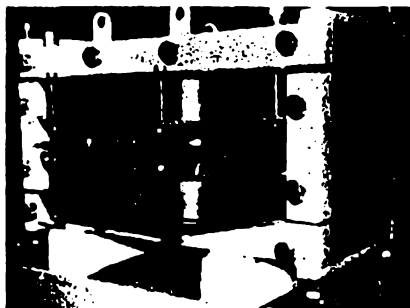


Figure 10

5 Mev betatron designed and built at Tsinghua University, Peiping, 1958

tion detectors, high grade emulsions, scintillating crystals, photomultiplier tubes and accessory electronic equipment (see Figure 11). More recently, Chinese developments with pulse height analysers and micro-second measuring equipment might imply future work in neutron time-of-flight studies or even in nuclear weapon development. By about 1967,

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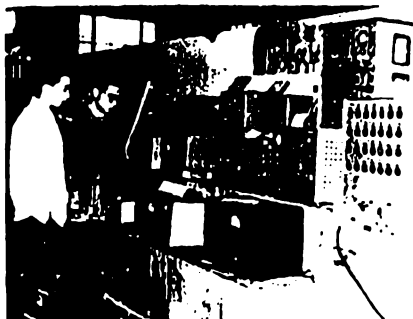


Figure 11

Examples of electronic equipment built by the Chinese, Peiping, 1958

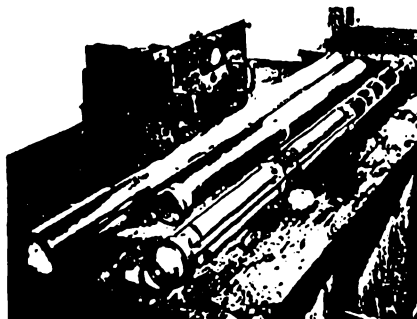


Figure 12

Chinese-produced radioactive deep-well surveying equipment

the Chinese could be as well provided with laboratory equipment for research in nuclear physics as are the larger western European countries at the present time.

NUCLEAR CHEMISTRY

35. Studies in nuclear chemistry are conducted in a number of institutes of the Academy of Sciences. The IAE is concerned with the production of radioactive isotopes in the Soviet-supplied reactor, and with the production of radioactive isotopes in the Soviet-supplied reactor, and with the separation of stable isotopes using the ion exchange method. The reactor reportedly has produced over 30 different radioactive isotopes, including cobalt-60, sodium-24, phosphorus-32, and calcium-45. Isotopes are being used in industry in conjunction with Chinese-produced gamma-ray instruments for detecting flaws in machinery; in geology, to detect types of rock and the geological formations of strata (Figure 12); in medicine, in radioactive cobalt apparatus for treating tumors and cancer (Figure 13); and in agriculture, to improve fertilization and cultivation of crops. Academy of Sciences institutes, other than the IAE, are conducting studies on reactor corrosion problems, uranium and thorium chemistry, and the separation of the rare-earths. In 1957, it was reported that Communist Chinese scientists had ob-



Figure 13

Radiocobalt unit for medical therapy, Shanghai, 1958
tained pure uranium and thorium on a laboratory scale.

MANPOWER AND TRAINING

36. When the Communists came into power in China in 1949, only about ten scientists were engaged in nuclear physics research. Since 1949, Communist China has made an intensive effort to train scientists and engineers in the

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numbers necessary to support a comprehensive atomic energy program, building from a core of highly competent, Western-trained scientists. Nevertheless, the present shortage of trained scientists and engineers will probably persist throughout the period of this estimate. This shortage would hamper Chinese efforts to design, construct, and operate facilities for the production of fissionable materials and would be particularly serious should the Soviets decide to reduce or terminate their technical aid. Annex B contains a listing of leading Chinese Communist nuclear scientists.

IV. NUCLEAR MATERIALS PRODUCTION

URANIUM ORE

37. In March 1950, a Sino-Soviet Non-Ferrous and Rare Metals Stock Company was established, with headquarters at Urumchi, for the development of resources including uranium in the Sinkiang-Uighur Autonomous Region.

sources report uranium prospecting and mining activity in the area. Chinese Communist open literature indicates that the company was operated until 1954 when it was dissolved as a joint stock company. Apparently, Soviet participation in Chinese uranium problems continued under different arrangements, however,

38. Although uranium deposits of varying size are known to exist in a number of areas throughout the CPR, very few specific mining locations are known. The Chinese are believed to be working two deposits in the Haich'eng district of Liaoning Province.

38. Chinese uranium prospecting and mining units, to which Soviet geologists and technicians were attached (see Section VII)

Until early 1957, these units were subordinate to the Third Bureau of the CPR Ministry of Geology; they are now subordinate to the Third Bureau of the SMMB.

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signed and helped to construct a pilot chemical concentration plant in Feiping.

Nothing is known of the grade of any of the Chinese ores. However, assuming that the average grade permits economical mining operations,

Our estimate of Chinese Communist recoverable equivalent uranium metal production for the years 1952 through 1963 is presented in Table 3, below.

Table 3
ESTIMATED CHINESE COMMUNIST RECOVERABLE EQUIVALENT URANIUM METAL PRODUCTION 1952-1963
(Metric Tons)

Year	Annual	Cumulative (Rounded)
1952	40	40
1953	40	80
1954	80	160
1955	80	240
1956	80	320
1957	160	480
1958	200	680
1959	400	1,080
1960	800	1,880
1961	700	2,580
1962	1,000	3,580
1963	1,200	4,780

42.

The high priority accorded this experimental installation suggests that a similar urgency was attached to the construction of the larger ore concentration plants.

URANIUM METAL

Soviet specialists who have published on subjects related to both ore concentration and uranium metal production have been noted at the Ch'angsha Mining and Metallurgical Institute.

46. Assuming the construction time required to be two to three years, the uranium metal plant could have been completed in 1959 or 1960.

43. Currently

the Soviets de-

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On this basis, we estimate that a Chinese uranium metal plant came into operation in late 1960, probably in the Ch'angsha area.¹

OTHER NUCLEAR MATERIALS

47. There is evidence that the Chinese produce other materials such as thorium, heavy water, graphite, etc., which have nuclear energy applications. Some of these products are now exported, but could be diverted to internal use.

48. Thorium deposits have been reported at various sites in China, but the most likely areas appear to be in the C'u'aitamu Basin in Tsinghai province; Hsinhua, in Hunan province; Hainan Island; and near Paot'ou, in Inner Mongolia. Present information does not permit an estimate of thorium production. In the past they have imported thorium, probably for non-nuclear uses, for example, the manufacture of gas mantles.

49. Chinese interest in heavy water production was indicated by an October 1959 statement by Ch'ien San-ch'ang, Director of the IAE, that an analysis of heavy water concentration in various waters had been made, and that the deuterium content of some oil field waters offered the most promise. The possibility that the Chinese may be following the Soviet practice of associating small heavy water production plants with nitrogen fertilizer producers is indicated by Chinese statements that the SMME has supplied various types of equipment for the Szechwan Chemical Plant, a large new nitrogen fertilizer plant located near Chengtu, which began trial pro-

duction in October 1959. There is evidence of atomic energy activity in the Szechwan Basin.

Thus it is possible that a small-scale heavy water production program is in progress in China.

50. Certain other raw materials, useful in an atomic energy program, have been noted in numerous shipments from China to the USSR. Notable among these are large quantities of beryllium, lithium, and fluorite ores. Molybdenum, niobium and tantalum ores have also been exported to Russia.

¹ For the view of the Assistant Chief of Staff, Intelligence, Department of the Air Force, see footnote 1, page 2.

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53. From 1955 to 1960 the Communist Chinese attempted to obtain from foreign sources many materials required in an atomic energy program. The pure metals included uranium, thorium, beryllium, lithium, boron, and some of the less known rare earth metals.

54. The quantities desired were initially very small, sometimes amounting to only a few grams but hundreds of kilograms of metals such as beryllium, cerium, and zirconium were specified by the Chinese in international trade requirements in 1960. It may well be that the Chinese focussed their effort on production of uranium metal and could not satisfy their requirements for supplementary nuclear metals from domestic sources. The Chinese may not be able to become self-sufficient in their production of supplementary nuclear metals until the early to mid-1960's.

FISSEABLE MATERIALS PRODUCTION

55. Chinese development of uranium resources and of ore concentration and uranium metal facilities strongly implies an intended use for the uranium in plutonium production. Although uranium metal is not required for U-235 production, the first stages of the process could also provide feed material for U-235 production. Since provision for these uranium users would ordinarily coincide with or even precede that for the feed materials plant, planning and design of fissionable material production facilities may have been in progress in China as early as 1957.

56. *Plutonium.* We have no evidence of the planning or subsequent construction of production reactors. However, the lack of such evidence cannot be considered conclusive.

The reaping research reactor, an overt project which must have required extensive correspondence with Moscow.

57. Our estimate of when the Chinese may attain a plutonium capability must be based on the estimated startup date of the Chinese uranium metal plant. Allowing a year of uranium plant operation to perfect technology

and to produce enough uranium to supply a small plutonium production reactor, reactor criticality might occur in late 1961, and the first plutonium might become available late in 1962.¹ Since there is no conclusive evidence for the date of the uranium plant start-up, and since the construction of reactor and chemical separation facilities has not been directly established, the actual start of plutonium production could be a year earlier or several years later.

58. *U-235.* It is possible that a U-235 plant is now under construction. In this case, a somewhat shorter delay between feed availability and fissionable materials production could be effected. Considering the magnitude of the developmental work and industrial support required for the construction of a gaseous diffusion plant, however, it is improbable that the Chinese could produce highly enriched U-235 earlier than late 1962.²

V. NUCLEAR WEAPONS

59. Although we have no conclusive direct evidence of a Chinese nuclear weapons program, we believe that such a program exists and has been given priority by the Chinese. We believe that the Chinese would almost certainly consider that a demonstration of their capability to produce nuclear weapons would confirm their claim to great power status.³ While we believe that the Chinese Communists will carry their nuclear weapons program forward as rapidly as possible, success will depend in large measure upon the degree of assistance received from the Soviets. Recent evidence strongly suggests that the USSR may have given the Chinese Communists more technical assistance leading toward the eventual production of nuclear weapons than we had previously considered likely. However, we believe that the Soviets have provided this aid at a deliberate pace, hoping to postpone the

¹For the view of the Assistant Chief of Staff, Intelligence, Department of the Air Force, see footnote 1, page 2.

²For a discussion of Chinese incentives for a nuclear weapons program see NIE 100-4-60, 20 September 1960.

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attainment of a native Chinese nuclear weapons capability as long as possible.

60. On the basis of all available evidence, we now believe that the most probable date at which the Chinese Communists could detonate a first nuclear device is sometime in 1963, though it might be as late as 1964, or as early as 1962, depending upon the actual degree of Soviet assistance.¹ If the Soviets provide fissionable materials or assist in the design and fabrication of a nuclear device, the Chinese could produce a nuclear detonation in China at almost any time in the immediate future. On the other hand, if there were a lessening of Soviet assistance in the nuclear field as a result of current Sino-Soviet dissensions, Chinese Communist progress would be substantially retarded.

61. After the explosion of their first nuclear device, the Chinese would almost certainly proceed to create an operational nuclear capability as quickly as feasible. However, at least two years would probably be required after the first test to produce a small number of elementary weapons.

VI. NUCLEAR POWER

62. The Chinese Communists announced in 1956 that "atomic power stations would be built." However, such stations were not in-

¹ For the view of the Assistant Chief of Staff, Intelligence, Department of the Air Force, see footnote 2, page 2.

² The Assistant Chief of Naval Operations (Intelligence), Department of the Navy believes that information on the nature and extent of Soviet aid to Communist China is as yet insufficient for a reliable estimate of the year in which the Chinese Communists could detonate a nuclear device. He considers however, that certain basic information should have become available to us by this time if the Chinese Communists were progressing toward detonation of a domestically produced nuclear device very much before the final stages of this five-year estimate. In the absence of what he considers to be any evidence pertaining to or indicative of the production of fissionable materials in Communist China and in the light of the relatively elementary state of known nuclear research facilities, he is unable to accept the time schedule for nuclear weapons as given in this paper.

cluded in the Second Five Year Plan (1958-1962), and there is no present evidence for a power program. Since the Chinese nuclear program appears to be weapon-oriented, we believe that production reactors would be given precedence over reactors designed for nuclear power. Further, we do not believe that the Chinese would complicate the design of their first production reactors in an effort to extract by-product power. We estimate that the Chinese will not construct nuclear power stations in the 1960-1965 period.

VII. SOVIET ASSISTANCE TO THE CHINESE COMMUNIST ATOMIC ENERGY PROGRAM

63. Soviet assistance has been an important factor in the Chinese atomic energy program to date, ranging from participation in uranium prospecting and processing to the supply of a research reactor and cyclotron. This aid has been furnished under formal contractual agreements under which the Chinese Communists have apparently maintained a considerable degree of autonomy.

64. A number of Soviet organizations have participated in aid to the Chinese atomic energy program, including several groups from the Ministry of Medium Machine Building (MINSREDMASH), the organization in charge of the Soviet military atomic energy program. The Soviet organizations and their sub-units known to be participating in the Chinese atomic energy program are shown in Figure 13,

The USSR Chief Directorate (now called State Committee) for Utilization of Atomic Energy (GLAVATOM) has carried out overt aid programs

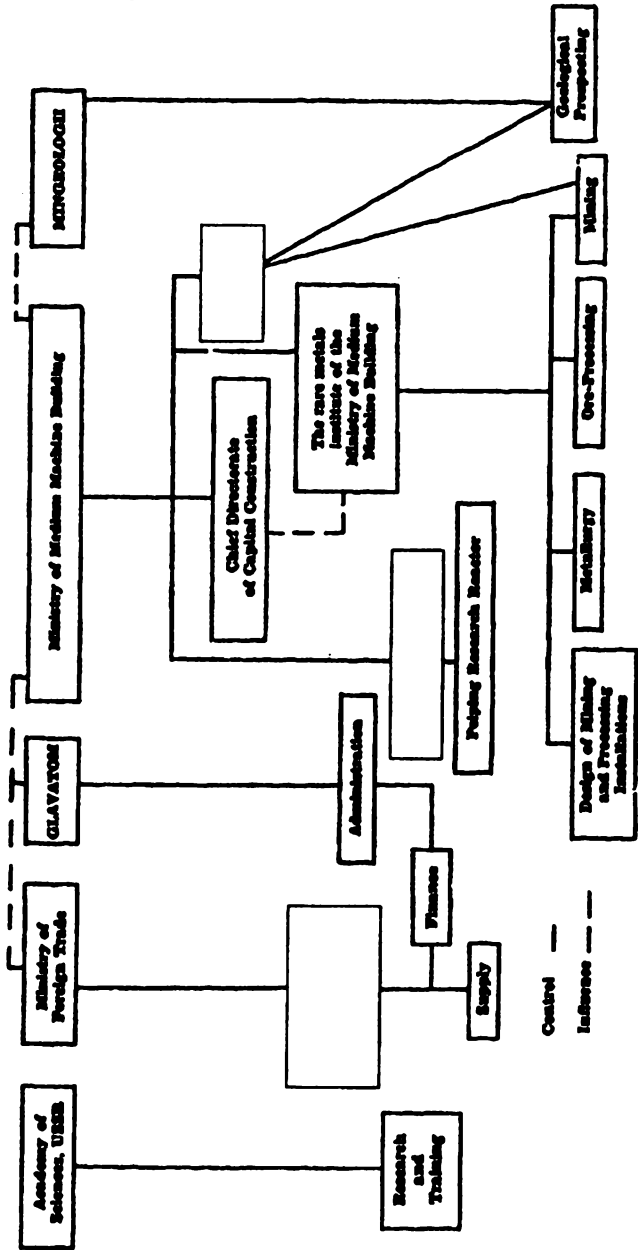
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Figure 15

SOVIET ORGANIZATIONS CONNECTED WITH THE CHINESE COMMUNIST
ATOMIC ENERGY PROGRAM



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The Chief Directorate of the Civil Air Fleet (GUFVF) of the Moscow AVIA group has conducted aerial prospecting surveys for the Chinese atomic energy program since 1955. The USSR Academy of Sciences has furnished much of the known scientific research and training assistance and may have assisted in Chinese prospecting for rare metals.

65. The earliest Soviet participation in the Chinese atomic energy program was concerned with exploration for and exploitation of uranium resources. The Sino-Soviet Non-ferrous and Rare Metals Stock Company organized in 1950 may have been intended to develop ore resources for ultimate Soviet use. However, we have no evidence that Chinese uranium ore was ever supplied to the USSR, and at least since 1954, when the company was dissolved as a joint operation, the Chinese uranium appears to have been intended for domestic use only. Soviet participation in the Chinese ore program has included field assistance as well as technical guidance. The degree of Soviet aid to the uranium ore production program apparently decreased after mid-1957.

Soviet participation in uranium prospecting continued, however, at a reduced level

66. There is some evidence that Soviet aid may have been curtailed.

a general withdrawal of Soviet technicians from China took place in mid-1960.

67. The Soviets have also assisted the Chinese by designing uranium ore concentration and uranium metal facilities.

The main body of personnel appears to have been active in China until mid-1957, but a smaller group concerned largely with ore-processing technology was noted in China as late as January 1968, when it was winding up its affairs.

68. Aid in the peaceful uses of atomic energy has been largely provided by GLAVATOM and the USSR Academy of Sciences.

69. A Sino-Soviet Nuclear Energy Agreement was signed in 1955, and published to the world. Under its terms the USSR agreed to:

- a. Provide an experimental heavy-water moderated research reactor with thermal capacity of 7.5-to-10 megawatts, and a 25 Mev cyclotron; render scientific and technical assistance in building, assembling,

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adjusting and starting the reactor and cyclotron; and to assist in the design of the scientific and experimental installation to house these pieces of equipment; and

b. Supply the Chinese with fissionable and other materials for the reactor and for carrying out research in nuclear physics, train Chinese specialists in nuclear physics in the USSR and supply Soviet specialists to work in China.

70. On 18 January 1958, after nearly ten weeks of negotiations in Moscow by a Chinese scientific delegation led by Kuo Mo-jo, president of the Academy of Sciences, a Sino-Soviet Scientific and Technical Agreement, covering

the years 1958-63, was signed. None of the details of this agreement have been made known, yet it is likely that certain aspects of Soviet aid to the Chinese Communist atomic energy program were provided for.

71. Soviet specialists have also assisted the Chinese with the installation of an ASK-1 ionization chamber, with a volume of 1,000 liters, filled with argon at 10 atmospheres, and screened by a 12 cm layer of lead. This chamber, which was a gift of the Soviet Union, was probably installed at the Chinese Institute of Atomic Energy's location northwest of Peiping, for the use of the Cosmic Ray Department of the Institute.

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SECTION 19

NIE 10-61

Authority and Control in
the Communist Movement

8 August 1961

APPROVED FOR RELEASE
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8 August 1961

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NATIONAL INTELLIGENCE ESTIMATE NUMBER 10-61

AUTHORITY AND CONTROL IN THE COMMUNIST MOVEMENT

Submitted to the
DIRECTOR OF CENTRAL INTELLIGENCE

The following intelligence organizations participated in the preparation of this estimate: The Central Intelligence Agency and the intelligence organizations of the Departments of State, the Army, the Navy, the Air Force, the Joint Staff, and the Federal Bureau of Investigation.

Reviewed by the
UNITED STATES INTELLIGENCE BOARD

On 8 August 1961, members were the Director of Intelligence and Research, Department of State; the Assistant Chief of Staff for Intelligence, Department of the Army; the Chief of Staff for Special Operations Intelligence, Department of the Navy; the Assistant Chief of Staff for Intelligence, USAF; the Director for Intelligence, Joint Staff; the Assistant to the Secretary of Defense, Special Operations; the Director of the National Security Agency; and the Federal Bureau of Investigation. The Atomic Energy Commission Representative in the JCS staff assumed the subject being outside of the jurisdiction.

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Nº 437

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DATE: MAY 2004

AUTHORITY AND CONTROL IN THE COMMUNIST MOVEMENT

THE PROBLEM

To assess the cohesion of the Sino-Soviet Bloc and among the parties of the world Communist movement, to identify trends in the degree of Soviet control, and to estimate the future implication of these trends.

SUMMARY AND CONCLUSIONS

General Considerations

1. According to Communist doctrine, it would be impossible for conflicts of interest to disturb in any basic way the relations between Communist parties in the international movement. This is so, it is argued, because the class interests which are the source of international conflict among non-Communist states have been suppressed by the new social order, and have been replaced by the fundamental identity of views and harmony of interests of the "classless" society. In fact, however, the appearance of unity in the Communist movement has been due, not so much to the absence of conflicts of interest, as to the overwhelming authority exercised by Moscow. This authority has rested on the great military and economic power of the USSR, on its historical precedence as the first Communist state, on the long personal ascendancy of Stalin over the international Communist movement, and on the tradition of dictatorial

centralism in that movement. (*Paras. 13-18*)

2. In the period since World War II a number of developments have demonstrated the falsity of the simplistic Communist theory of natural harmony among Communist parties. When the Communist parties of Eastern Europe achieved state power they naturally acquired new interests and attitudes different from those they had reflected as small conspiratorial groups wholly dependent on the protection and support provided by Moscow. Yet they were small states in Moscow's immediate sphere of power; therefore, whatever pretensions to independence they may have had were bound to be extremely circumscribed. The achievement of state power by the Chinese Communists was a different matter, however, because it meant that for the first time Communist theory on state relations had to be applied to the relations between two great powers. (*Paras. 14-16*)

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3. Beyond this, there was in the postwar period a considerable growth in the number and in the size of Communist parties all over the world. Among them there were wide variations in the cultural and political environments in which they operated, in their tactical problems, and in the degree of their Marxist-Leninist sophistication and training. Over the years, moreover, there has been a tendency for a number of the more important non-Bloc parties to be increasingly concerned to see that their own local points of view are considered in policy deliberations of the international movement. (*Paras. 14, 39-40*)

4. All these developments have tested not only the theory of unity, but also the authority of the Soviet Party over other parties which was the practical reality on which the appearance of unity was built. In the best of circumstances it was bound to become increasingly difficult for Moscow to maintain the unity of so large and varied a movement with so wide a range of differing views and interests. In addition, these events have aggravated the frequent conflicts between the requirements of the foreign policy of the Soviet state and those of the international Communist movement. Altogether, it is evident that Communist political institutions, like all other institutions, are subject to pressures for change and are in fact changing. (*Paras. 13-21, 34-40, 59*)

Disciplinary Problems in the Communist Movement

5. Stalin's authority over the international Communist movement was tested almost as soon as the new Communist states came into existence at the end of World War II. Challenged by Yugoslavia

in 1948, he failed either to impose discipline or to prevent Yugoslavia's subsequent survival as an independent Communist state. When the Chinese Communists achieved state power in 1949—like the Yugoslavs, largely by their own efforts—they inevitably acquired a special status in the Bloc. After Stalin died and his awesome aura of personal authority over the parties disappeared, his less eminent successors attempted to overcome the abuses of his brutal and open control by substituting a more flexibly exercised but still decisive influence. These experiments were cut short, however, by the Eastern European upheavals of 1956, which showed that the balance between influence and outright control would be a difficult one to strike. (*Paras. 13-15, 19-21*)

6. Since 1956, when Peiping helped Moscow to restore its badly shaken authority in Eastern Europe, China has become an increasingly important factor in the direction of the movement, and has developed pretensions as an authoritative source of Communist doctrine. When the Chinese leaders resorted in 1960 to open polemics in their policy disagreements with Moscow, and also lobbied openly among Communists against Soviet policies, the Soviets responded by, in effect, putting the Chinese on trial before the other parties, first at Bucharest and later at the November conference in Moscow. Nevertheless, during the Sino-Soviet dispute of 1960 the Chinese were able to bring a successful challenge to Soviet authority and to establish the formal principle of mandatory consultation among the parties on matters of general Communist policy. (*Paras. 16, 21-28*)

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Prospects for Soviet Authority

7. Since the 81-party conference of November 1960, the Soviets and the Chinese have continued, within limits, their separate efforts to preserve and expand their own authority in the movement. It seems to us unlikely that the two major parties will be able for some time to come to resolve their differences and achieve a stable arrangement for directing the Communist movement. On the other hand, an open rupture between them appears to us equally unlikely. We believe that the course of their relations will be erratic, cooperative at some times and places, competitive at others. (Paras. 35, 38, 59-62)

8. In this situation the Soviet Party possesses enormous advantages, because of its greater military and economic power, and also because of its traditional authority and prestige within the movement. The ability of the Chinese Party to contend for leadership is currently limited by China's serious internal difficulties. The Soviets retain some opportunity to exert pressure by virtue of China's relative economic and military weakness, though this apparently was not very effective in the dispute of 1960. Because of the present preponderance of Soviet power, Moscow will probably be able, though with increasing difficulty, to maintain its primacy in the Communist movement for some time to come. The Soviet leaders will endeavor to maintain the substance of their former authority by exercising pressure and influence bilaterally upon other parties, by confronting their rivals with strong majority coalitions at international gatherings, and sometimes by shrewd adjustments of Soviet policies in order to undercut Chinese

criticisms. Because the role of personalities has figured in some degree in the Soviet-Chinese difficulties, the appearance of new leaders in either country could have an important influence on the further course of their relations. (Paras. 60-62)

9. In these circumstances, the other parties will almost inevitably be tempted to bargain between Moscow and Peiping in order to obtain greater advantages for themselves. Within certain parties which develop serious prospects of achieving power, and which therefore must make important tactical choices, conflicting brands of advice may tend to intensify factionalism. In the long run, some of the parties in Eastern Europe, or factions within them, may attempt to develop further the autonomy conceded by Stalin's successors. In the Asian satellites, where Chinese influence is already strong and has a good prospect of increasing if China's power continues to grow, the regimes will be better able to bargain with both Communist great powers for economic and political support. (Para. 63)

Implications for Policy Toward the West

10. It is evident that the international Communist system, for decades little more than an instrumentality of Soviet policy, is being changed, because of the forces of nationalism and diversity within it, into a movement reflecting an appreciable diffusion of power. While the altered relationships within the Communist movement and the decline in Soviet authority have not altered the fundamental hostility of the Communists toward the non-Communist world, we believe that these developments are having

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an important influence on Communist policy. They have already diminished to some extent the flexibility of Soviet policy towards the West, and the Soviet Party will probably encounter increasing difficulties in its efforts to coordinate general Communist policy. These difficulties may not be as serious in times when events generally favor Communist interests, but they may again erupt into open polemics during periods of adversity, or even at times when fundamental decisions are required for the exploitation of unfolding opportunities. (Paras. 59, 65)

11. The development of the relationship between the USSR and China, and the evolution of the international Communist movement generally, will obviously be of profound significance for the security and interests of the West. In the long run Chinese power, assertiveness, and self-interest might increase so far as greatly to impair the common policy with the USSR, and even lead the Soviets to believe that they had more in common with the ideological enemy than they have today. For some time to come, however, the most likely prospect is that the USSR and

China will maintain their relationship in something like its present form. It will be an alliance which is from time to time troubled and inharmonious, but which nevertheless preserves sufficient unity to act in concert against the West, especially in times of major challenge. However, present trends as described in this paper point to an increasing complexity, diversity, and interplay of forces within the Communist system, and to a remarkable survival of old-fashioned impulses of nationalism. (Para. 67)

12. These trends may have various effects. They may from time to time result in more aggressive anti-Western policies intended to hold the forces of disunity in check. They may enable certain parties, free from the restrictions of a rigid, general Communist line, to pursue more effective policies in local situations. But eventually, if such trends persist, they may considerably diminish the effectiveness of the Communist movement as a whole. This would give the West opportunities for maneuver and influence which could provide important advantages in the world struggle. (Para. 68)

DISCUSSION

I. DEVELOPMENT OF RELATIONS AMONG THE COMMUNIST PARTIES

A. The Comintern Period

13. The Comintern (Third International) was at the outset, for a brief period, a collection of independent parties and groups which shared a bond of unity in dedication to common revolutionary goals. Immediately after the Russian Revolution and the end of World War I, Communists lived in the expectation of imminent revolutions in Western Europe, and even Lenin anticipated that his own party

would share leadership of the international movement with the victorious parties of Western Europe. As these illusions died, however, the Soviet Party was not long in establishing its ascendancy, and in making the Comintern over in its own Bolshevik image. In the twenties, international Communist policy was increasingly subordinated to the needs of Soviet foreign policy, and the parties were gradually placed under increasingly stringent supervision by Moscow through the vast international bureaucracy of the Comintern. Subsequently, through repeated purges and

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other means of pressure, Stalin acquired almost complete control over all the parties except the Chinese. At the same time, he dispensed more and more with formal institutional organs, and in the mid-thirties distrust and suspicion moved him to decimate the entire headquarters apparatus of the Comintern. Long before it was formally abolished in 1943, the Comintern had in fact lost its practical importance, though Stalin's tight control of the Communist movement remained unimpaired.

B. The Emergence of New Communist States

14. World War II, which disrupted party communications with Moscow, nurtured autonomous tendencies among the parties and helped the French, Italian, and several East European parties to develop greater mass support in the partisan struggles and to become increasingly self-reliant. The most important effect of the war, however, was the fundamental alteration it wrought in the Communist movement by the creation of new Communist states outside the Soviet Union. Previously, Soviet control over the movement had been relatively simple, involving only parties out of power whose very existence often depended on Moscow's political and financial support. Now the Communist system, still based on a single source of power and authority, had to embrace not just parties, but also national states, each of which had its own particular national interests.

15. Stalin was not disposed to give much play to these national interests. As soon as the Communist Parties in Eastern Europe were securely established in power, he took steps to impose complete, all-pervasive control, tying the new states tightly to Moscow and treating them as mere extensions of the Soviet state system. The Yugoslav Party, however, refused to submit to such treatment, and subsequently was able to survive expulsion from the Cominform and to establish itself as a continuous, glaring contradiction of Soviet claims that membership in the Bloc best serves the national interests of its individual members. In the rest of Eastern Europe, despite the ensuing crackdown, secret police

methods of rule could only repress, but not eliminate, disaffection and nationalist resentment which often infected the local parties as well as the population.

16. The establishment of Communist control in China created an additional problem for Moscow, but one of far greater magnitude. By virtue of its size, population, and the traditional influence of its civilization, China was a great power. Moreover, the Chinese Party, unlike most parties in Eastern Europe, achieved its revolutionary victory largely by its own efforts and established its own basis of power in a country far too large and remote to make the imposition of direct control practicable for Moscow. Its leader, Mao Tse-tung, knew from experience that Stalin had little comprehension of local problems in China, which differed greatly from those in the Soviet Union. He did not hesitate to interpret Communist doctrine independently to suit the needs of Chinese internal policy; thus even before Stalin's death Mao gained the reputation of a doctrinal innovator. Thus, whatever Stalin's wishes may have been, China inevitably acquired a special status in the Bloc.

C. The Death of Stalin

17. Nevertheless, until the death of Stalin, Soviet authority was largely unquestioned, and the Soviet Party possessed manifold assets for asserting its control. It had been the first party, and for decades the only one, to achieve power and provide a secure base for the international movement. It had built a powerful state, developing in the process an internal system which came to be the model of socialism for other parties. Its ideological pronouncements had become dogma, and its publications served as the basic indoctrination material for Communists everywhere. The other parties were in great part dependent upon the USSR for psychological and financial support, while those which had been brought to power in Eastern Europe knew that Soviet military might was their sole guarantee of survival against a hostile populace. The leaders of the more important parties were usually selected by the Soviets,

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trained in Soviet Party schools, and then installed and maintained in positions of leadership by the Soviets; frequently they were also purged or liquidated by the Soviets.

18. This system of control depended on Stalin's enormous personal authority, an element of great strength but also one which concealed a major vulnerability. It was Stalin who determined policy, who defined socialism, who pronounced doctrine, who selected leaders. Soviet prestige among Communists was in great part identical with the respect and genuine regard which they felt for Stalin personally. None of his colleagues had a following among the other parties; in fact, the only man who approached him in prestige was in the Chinese Party. Thus his death in early 1953 diminished at a stroke Moscow's authority within the Communist movement, and this at a time when China's power was rising, and when difficulties were accumulating in Eastern Europe.

D. Khrushchev's New Approach

19. Even before his death, some of Stalin's lieutenants were acutely conscious of the deleterious effects of his policies toward the other Communist parties and of the necessity to adopt a new approach which would combine less direct, though still effective methods of control with toleration of a limited amount of local autonomy. The intent behind Khrushchev's new approach was not to allow genuine autonomy, but to employ a more flexible policy in order to maintain the maximum amount of effective Soviet control.

20. This new approach had the effect in Eastern Europe of releasing pent up forces crying for reform, as well as repressed bitterness over Soviet arbitrary treatment and exploitation, stimulated still further by the reversal of Stalin's policy toward Yugoslavia and the acknowledgment of a Communist party's right to follow a "separate road." The destruction of the Stalin myth, which severed an important thread of authority and caused confusion and soul-searching among the parties, was the final blow. The result in Poland was a resurgence of nationalist feeling which swept a party leader to power who personified this

outlook and which led Moscow to grant Poland an important measure of bona fide internal autonomy. In Hungary, the result was a deep division within the party which opened the way to revolt. Though the military repression in Hungary abruptly checked the trend toward liberalization in Eastern Europe and made it clear that the Soviets would deal ruthlessly with any attempted defection from the Bloc, the Communist movement as a whole was badly shaken and there was a clear need for authoritative political and ideological guidance. It required strenuous Soviet efforts, including substantial economic aid and concessions to injured nationalist feelings in Eastern Europe, before the Moscow Conference of November 1957 could meet this need with an agreed reaffirmation of basic principles of "socialist development" for Communist countries, based on Soviet experience.

E. China's Entry into Bloc Affairs

21. Meanwhile, the Chinese Communists perceived in the upheavals of 1956 both a problem and an opportunity. They were fully as concerned as the Soviets to restore unity and stability to the Bloc. But at the same time they found themselves, in the wake of Soviet mistakes, in a position to influence the re-establishment of that unity on a new basis. Having built up their own strength and confidence since coming to power in 1949, and already exercising some influence over the Asian Parties within and outside the Bloc, they were now in a position to contribute significantly to the Soviet effort to restore order in Eastern Europe while at the same time increasing the weight of their own influence in the movement as a whole. Thus, both in their important doctrinal statements of this period and Chou En-lai's tour of the European Satellites, they managed to convey the idea that Soviet leadership should be respected because they, the Chinese, said so. The result, despite Peiping's public insistence upon Moscow's primacy, was to nudge both the Bloc and the international movement toward a greater sharing of leadership, and to show that Chinese influence and authority in the movement were now considerable.

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II. CURRENT RELATIONS AMONG THE BLOC PARTIES

A. The Sino-Soviet Dispute of 1960

22. We have in previous estimates examined the causes of the Sino-Soviet dispute and the issues to which it has given rise.¹ During 1958 and 1959, both sides limited themselves, at least in public, to setting forth their positions in seemingly abstract ideological discussions, which in fact reflected policy disagreements over a growing range of specific issues. In the spring of 1960, however, China finally dropped this restraint and by June was openly lobbying against the USSR among the delegates to the World Federation of Trade Unions (WFTU) meeting in Peiping. Moscow responded sharply by, in effect, putting the Chinese on trial at a meeting of a number of the Communist Parties in Bucharest later in the month. The Chinese held fast, and even obtained open support from the Albanian Party. The two sides agreed finally to a plenary session of the entire Communist movement at which disputed matters would be debated again when all the parties sent representatives to the November celebration in Moscow.

23. Between June and November, each side became increasingly aggressive. Both tried to line up support by circularizing the entire movement with lengthy attacks on the other. With Moscow employing all its powers of influence and control, most parties fell readily into line behind the USSR, but a few stayed on the fence or leaned toward China on certain issues. Meanwhile, polemics in the Bloc press became increasingly explicit, and the USSR exerted strong pressure on China in various aspects of their state relations.² All these

measures failed to deter the Chinese, and the November meeting became a direct confrontation. What was at stake there was not only a range of disputed policy issues, but the more fundamental question of how and by whom Communist policy was to be determined—in other words, the question of leadership in the international movement.

24. In the most general sense, therefore, the question of authority was involved in every issue debated at the Moscow proceedings. The final document in general gave preference to Soviet propositions on world strategy and internal Communist policy, and in signing it the Chinese subscribed to many formulations which they had vigorously contested in the preceding months. But in order to obtain this Chinese agreement, the Soviets had at many points to allow Peiping to include its formulations as well, although these usually received less prominence than the Soviet statements. The result was a compromise document which stated both sides of numerous questions and thereby clearly conveyed to the other parties that Chinese demands for a real voice in policymaking for the Communist movement had, however reluctantly, been granted by the Communist Party of the Soviet Union (CPSU).

25. But the issue of authority was joined even more directly in a series of proposals designed specifically to assert Soviet primacy and bind the Chinese to future obedience. Foreswearing any aspirations to truly Stalinist leadership, but confident that they could still command a majority in the international movement, the Soviets fell back on a proposal for majority rule as a means of forcing the Chinese into formal submission. In another maneuver, they sought to have the document acknowledge their leading role by endorsing the decisions of the 20th and 21st CPSU Congresses, which had been called into question by the Chinese. Again, they proposed that the parties formally condemn "factionalism," a clear reference to Chinese efforts to form anti-Soviet coalitions with other parties, and "national communism," a phrase injected to

¹ Paragraphs 122-130 in NIE 11-4-60, "Main Trends in Soviet Capabilities and Policies, 1960-1965," dated 1 December 1960; NIE 100-3-60, "Sino-Soviet Relations," dated 9 August 1960.

² This pressure included the withdrawal of the bulk of Soviet technicians at the end of July (an estimated 2,000 to 3,000), suspension of Chinese publications in the USSR, diplomatic protests, the expulsion of certain Chinese officials, and ominous warnings in the press. There is also considerable evidence suggesting border difficulties between the two countries during this period.

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lay the basis for future attacks upon Chinese deviations.

26. Although the Chinese had been willing to compromise on points of doctrine, they proved adamant in their opposition to these disciplinary proposals. They insisted that neither they nor any other party should be bound by the decisions, even if they were correct, of Soviet Party Congresses. They contended that majority rule, while correct for the individual parties, was intolerable for the movement and that only unanimous decisions of all the parties could have universal validity. Lastly, they refused to agree to the condemnations of "factionalism" and "national communism."

27. In the end, the Chinese prevailed on these central issues of authority because the Soviets found no way of imposing their will upon the Chinese. The two offending phrases were excluded from the document. The Soviet Congresses were praised, but only in limited terms, and the contributions of "other parties" were commended in the same breath. As for the mechanism for international decisionmaking, the USSR had to abandon majority rule in favor of a formal undertaking to observe those decisions which were "jointly worked out" at bilateral and multilateral conferences, a formulation which came close to providing a veto power to the Chinese or any other party.

28. Thus, despite the commanding majorities which the Soviets had, they failed to gain their major points on what is to them a vital issue—the USSR's dominating role in the Communist world. The measure of this failure was actually greater than the textual compromises and losses which they had to accept in producing a unanimous statement. Not only did they fail to coerce the Chinese, but in the voting they were actively opposed by Albania and on several occasions lost the support of North Korea, North Vietnam, and a number of other Asian parties. In addition, they had to undergo, in full view of the entire movement, the unprecedented experience of free-wheeling debate and even outright vilification of their leader.

B. Effect of the Dispute on the European Bloc Parties

29. The Sino-Soviet dispute produced widespread uneasiness within the Bloc. The USSR had the support of most Communists in the Satellites, but some sympathy for certain Chinese methods and attitudes had been manifested in 1958-1959 in the Bulgarian, East German, and Czech Parties. This ambivalence quickly disappeared, however, as soon as the Soviets invoked their authority in coming out directly against the Chinese. The performance of all the East European Communists at the Moscow Conference, except the Albanians, was thoroughly obedient.

30. Albania, however, turned out to be a dramatically different case. The Albanian Party is in the hands of unreconstructed Stalinists who are obsessed with the fear that Yugoslavia will re-establish its former tutelage over the Albanian Communist movement. Accordingly, this leadership was gravely alarmed when, in 1965 and 1966, Khrushchev launched his attack upon Stalin, including in the indictment Stalin's attempts to subvert Yugoslavia, and took up the cultivation of Tito. Even after the post-Hungarian hardening of Soviet policy, the Albanians continued to see a threat to their independence in Khrushchev's advocacy of "peaceful coexistence" and his reluctance to accede to an all-out attack on Tito. Thus, when the Chinese appeared as the champions of a hard, antirevisionist line, Albania broke ranks and during meetings of the Communist Parties in 1960, openly joined the Chinese side with virulent attacks upon the CPSU.

31. Chinese support offers some protection for the Albanians, since the USSR must recognize that direct moves against Tirana risk the further worsening of its already delicate relations with Peiping. The Albanians enjoy two other advantages, however, which are probably more important in the defense of their new anti-Soviet stance. One is their physical separation from the Bloc, which makes it difficult for the USSR to apply physical force without greatly damaging its international position. The other is the unity of

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the Albanian top leadership, dating from war-time partisan combat and secured by a series of purges which cleansed it first of members sympathetic to its former mentor, the Yugoslav Party, and then, in 1960, of pro-Soviet elements. As a result, the Soviets have had to restrict themselves to indirect methods which thus far have proven embarrassingly ineffectual. Moscow's failure to punish the defiance of another Communist state is especially ignominious in view of Albania's size and hitherto complete subordination.

C. The Asian Satellites

32. Among the Asian Satellites, Peiping has cultural and geographic advantages which enable it to compete with the Soviets on a nearly equal basis. As a result, North Vietnam, North Korea, and Outer Mongolia have found themselves in a position between the two great Communist powers that is delicate, but at the same time rewarding. In North Vietnam, most of the top leaders are Soviet-trained, but Communist China played an important role in advising, training, and supplying the Vietminh revolution against the French. Furthermore, the geographical location of North Vietnam and the similarity of many of its problems make close cooperation with Peiping a natural course for Hanoi. On the other hand, the North Vietnamese leaders appreciate that the only way for them to avoid being completely dominated by their giant neighbor is to retain a strong Soviet presence in North Vietnam. These conflicting tendencies have not impaired the essential unity with which Moscow, Peiping, and Hanoi have pressed their objectives in Laos.

33. The Outer Mongolian and North Korean Communist regimes were both placed in power by the Soviets before there was a Communist China. During the past decade both regimes have undergone purges that were apparently aimed, at least in part, against leaders who looked toward Peiping for guidance or support. At present Soviet dominance seems secure in Outer Mongolia in spite of Peiping's considerable efforts to enhance its influence there. Even though the present leaders of North Korea are nearly all Moscow-trained,

they exhibited a pronounced affinity for Peiping's forced-draft industrialization and commune programs in 1958 and 1959. Subsequently the party backed away from emulating Chinese methods when the Soviets indicated their displeasure. At the present time Soviet influence probably continues to exceed that of China.

34. Outer Mongolia did not back any of the Chinese positions during the Sino-Soviet dispute. North Korea and North Vietnam sought to steer a middle course supporting most of the Soviet propositions, but joining the Chinese on the critical issue of discipline. The fact that these two Asian states no longer automatically and unhesitatingly follow all Soviet leads constitutes a considerable setback to Moscow's authority. In addition, Peiping and Moscow appear to have become engaged in a competition to win support by pumping economic aid into the three Asian Satellites.

D. Continued Strain in Bloc Relations

35. Despite Soviet and Chinese efforts after the Moscow conference to portray interparty harmony and fraternal solidarity, it is evident that important differences of view persist. Each party has made its own tendentious interpretation of the December Statement, stressing those portions which correspond most closely with its views during the dispute. The Chinese, moreover, are making the most of the advantages gained in Moscow by stressing the special responsibilities of the "two largest parties" in the movement. Differences also continue to be apparent in the interpretation of contemporary world developments.

36. The Albanians have been by no means as restrained as their Chinese allies since the conference. They have gone to great lengths to endorse the anti-Soviet behavior of their leaders at Moscow and to affirm that their party line had been correct before, during, and after the dispute. They continue to criticize in indirect but unmistakable terms contemporary Soviet policy, especially toward Yugoslavia. Continued strain in Sino-Soviet relations, moreover, was most clearly indicated at the Albanian Party Congress, held in Febru-

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ary, which became the occasion for another confrontation, though on a far lesser scale, of parties in the movement who endorsed the Soviet or Albanian-Chinese positions.

37. Following this Congress, Albania has continued to receive staunch support from China, including extensive economic aid, while relations with Moscow have steadily deteriorated. A show trial staged in Tirana, involving Albanian naval officers among others, and ostensibly directed at a Greek-Yugoslav-US plot, was in fact an anti-Soviet demonstration. It was followed by the evacuation by the Soviets of their important submarine base at Valona.

38. There have been few indications that the many serious problems in Sino-Soviet state relations which were evident in 1960 have been resolved. Though a trade agreement was signed in April which eased China's debt burdens appreciably, the Soviet commitments under the agreement were far from generous, especially in view of China's serious economic problems. Moreover, the Chinese economy continues under the handicap created by the withdrawal of Soviet technicians, and there is no evidence of any agreement to send them back in their former numbers. The lack of detail in the June communique following the talks on economic, technical, and scientific cooperation suggested that, though some Soviet assistance would continue, there is little likelihood that the former degree of economic cooperation will be restored.

III. THE NON-BLOC PARTIES

A. General

39. World War II and its aftermath brought about substantial and in some cases radical changes in the circumstances of Communist Parties outside the Bloc. In Western Europe, the French and Italian Parties developed considerable popular support and some independent financial resources, and even in the smaller countries the parties became an established part of the local political landscape. During the same period, in the countries which first gained independence after the war, many Communist parties rapidly came to ac-

quire real domestic prospects and, therefore, became more preoccupied with problems of domestic politics.

40. These advances were, of course, gratifying to the Soviet leaders. At the same time, the USSR has continued to pursue its own interests in ways which have often conflicted with those of local Communist parties; in particular, Khrushchev has made it a major point of policy to court newly independent governments, even when the local parties are seeking to discredit and replace them. The non-Bloc parties have thus become increasingly concerned to have their own interests considered in the formulation of the movement's policies. China's success has probably given them some encouragement in this endeavor. Equally important, China's rise has weakened the concept of monolithic authority in the individual parties, making it easier for differences within these parties to develop into open factionalism.

B. Western Europe and the US

41. The Western European Parties, still led by tested veterans of the Comintern period who have always maintained a firm Soviet orientation, have remained responsive to Soviet control. Nevertheless, the relationship of the individual parties to the CPSU has changed considerably since the days of the prewar period. The widespread discrediting of parliamentary democracy before the war and the underground struggles of World War II enabled the parties to develop such strength that a number of them were later able to withstand prolonged adversity and political isolation.

42. The altered status of these parties was not particularly apparent until 1956, when Khrushchev's de-Stalinization speech had a profound effect causing demoralization and in some cases large-scale defections. The response of the leaders of the Italian and French Parties provided a clear measure of the change which had occurred. Togliatti reacted to the Khrushchev speech by openly advocating "polycentrism" in the movement, by which he meant autonomy for the parties. The French

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leaders responded in a different way, by asking Khrushchev to tone down his denigration of Stalin. Though Togliatti soon ceased to advocate his proposal, both initiatives, different as they were, showed an assertiveness which would have been inconceivable in Stalin's time.

43. Khrushchev's speech also stimulated short-lived demands for increased autonomy in the other West European parties, especially in the Danish Party, where a faction under Akeel Larsen took a more extreme position even than Togliatti, and finally had to be expelled. An effect of these developments was that the Soviet leaders subsequently were more attentive to the local problems and desires of the parties. At the same time, the Soviets recognized that greater autonomy was necessary if these parties were to play their role in the "peaceful coexistence" strategy. Thus the Rome conference of Western European parties in 1959 resulted in a policy agreement giving the individual parties considerable leeway in implementing the general line.

44. Despite this loosening of discipline, the Western European parties have been among Moscow's strongest supporters in the dispute with Peiping, and Chinese attempts to influence them were unavailing. These parties have been greatly assisted in their internal campaigns by the Soviet line on nonviolent methods of achieving power and the avoidance of war, and they saw China's advocacy of violence and high risks as threatening their prospects for winning popular support. Some groups within these parties have at times sought to use various Chinese arguments for factional purposes, but at the Moscow Conference the interventions of the West Europeans were all in support of Soviet positions. However, their leaders did not behave at Moscow in the obsequious manner of former days and even showed some evidence of resenting Soviet pressure. They showed reluctance to commit themselves to accept future Soviet guidance unreservedly, and were bolder than they had ever been before in urging the movement to give greater heed, in working out general policy, to their own local problems.

45. With its traditional deference to Soviet guidance, the Communist Party, USA (CPUSA), gave the Soviet Union its unqualified support at the Moscow Conference. In addition, the CPUSA has enthusiastically supported Soviet "peaceful coexistence" tactics as most favorable to its efforts in the US. Adoption of the more militant, revolutionary Chinese position would place the party under still more handicaps in operating in the US. At present, there appears little prospect that the Chinese position will gain any significant support in the CPUSA.

C. The Middle East

46. The Communist movement in the Middle East historically has been under close Soviet direction, especially those parties which, banned at home, are forced to operate from bases within the Bloc and thus are completely dependent upon Soviet support. In recent years, however, signs of friction have become visible in the Syrian and Iraqi Parties. Both these parties were strong enough to nourish immediate political ambitions, and both have been hampered by Soviet cultivation of their domestic opponents, the "national bourgeois" regimes of Nasser and Qasim.

47. The formation of the United Arab Republic (UAR) in 1958 was facilitated by the danger of an imminent Communist bid for power in Syria. Since that time, Syrian Communist leader Bakdash has been unable fully to reconcile himself to Soviet policy toward Nasser and has resisted acceptance of the Syro-Egyptian union. In Iraq, traditional factionalism in the Communist Party became bitter in 1959 when the Communists overreached themselves in a campaign of violence, bringing on a governmental repression from which the party still has not recovered. The USSR disapproved of this tactic, regarding it not only as premature but as likely to spoil its own relations with Qasim. The Chinese, however, probably encouraged it and thereby gained the sympathy of the radical faction within the Iraqi Party. Chinese attempts to broaden their influence among Middle Eastern Communists have, however, brought few results to date. At the Moscow meeting Bakdash, the

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most influential Communist in the area, expressed his resentment of Chinese attempts to proselytize members of his own party, and violently criticized Chinese disobedience. The other parties also lined up behind the Soviet position.

D. The Asian Parties

48. Among the non-Bloc parties of Asia, Soviet authority is far less secure. Among the smaller parties Chinese influence is strong and in a few cases outweighs that of the USSR. The larger ones, those of India, Indonesia, and Japan, contain pro-Chinese elements and, in addition, are reluctant to come out openly against the major Communist power of the region. When put to the test at the Moscow Conference, some of the Asian parties extended a degree of support to the Chinese, and none of them lined up solidly behind the Soviets in the manner of their European and Arab colleagues. Further, this pattern was repeated at the Albanian Party Congress in February 1961.

49. In Japan, after the Communist Party had thoroughly discredited itself in the eyes of the Japanese public by its violent and illegal activities between 1950 and 1953, the post-Stalin trends in Soviet foreign policy have favored the efforts of the Japanese Communist Party (JCP) to rehabilitate itself. The party can the more convincingly portray itself to the people as independent, and in favor of peaceful accession to power, and thus pursue its current strategy of advocating a broad national front against American imperialism and domestic monopoly capitalism. Support for China exists among minority elements within the Communist Party and among certain radical student and trade union groups outside the party. The JCP is likely to retain its pro-Soviet orientation as long as the present leaders remain in control of the Japanese Party. However, recent Soviet and Chinese moves suggest that each is seeking to strengthen its influence in the JCP.

50. The domestic position of the Indonesian Communist Party (PKI) is unique. It is one of the largest Communist parties outside the Bloc, has an important popular following, and

enjoys the protection of Sukarno, who has drawn it, along with the anti-Communist Army, into the national leadership. Thus the Soviet line on the nonviolent, parliamentary road to socialism is far better suited to the PKI's needs than the more radical and revolutionary approach advocated by China, which at this stage could only serve to forfeit Sukarno's protection against the army and diminish the party's popular support as well. Soviet foreign policies—cultivation of Sukarno, provision of economic and military aid, and support of Indonesia's claim to West New Guinea—harmonize ideally with the PKI's internal tactics and enhance its domestic position. Despite all those factors, a Chinese-oriented faction does exist within the party, and had sufficient strength to influence the conduct of the PKI delegation in Moscow.

51. Soviet foreign policy has had a much more mixed effect upon the prospects of domestic Communists in India, where Moscow's aid and encouragement has been extended to a government which treats the local party as an opponent rather than a partner. While Moscow's "peaceful coexistence" tactics have given communism some respectability in India, it has been difficult for the local party to reconcile Soviet courtship of Nehru with his ousting of the Communist Government in Kerala and the current trend of Indian foreign policy, which the party regards as pro-Western. These tactics have intensified the traditional factionalism in the Indian Party, with a minority frankly sympathetic to China and anxious to steer the party to a more revolutionary course. This minority received a severe check, however, when the Tibetan revolt and the Sino-Indian border dispute aroused Indian national feelings against China and placed the Communists in an exceedingly awkward position. Suslov, attending the Indian Party Congress in April 1961, found it more important to keep the Indian Party together behind a vague and generally moderate political line than to try to impose discipline on the pro-Chinese faction, and as a result the party remains uncertain, divided, and subject to serious disputes in the future.

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52. In contrast with the larger parties, the interests of a number of the smaller Asian parties—for example, those of Malaya, Burma, and Australia—are not in their view furthered by gradualist tactics generally advocated by Moscow. For many of them prospects for achieving power via parliamentary methods are exceedingly remote. They therefore feel frustrated by Soviet "peaceful coexistence" and "united front" tactics, and are anxious to abandon this approach for more direct revolutionary methods. The effect of this attitude was evident during the discussions in Moscow in November, and afterward, at the Albanian Congress, where several of these parties sided with the Chinese against the Soviet positions.

E. Africa

53. The Communist movement in Africa is still insignificant, and the focus of Soviet strategy there is the radical nationalist leadership with which the USSR can cooperate in antiwestern policies. The longer term Communist objective is the conversion of radical nationalist states to communism, and the Bloc has devoted much more effort to this than to the buildup of Communist parties from scratch. While the Sino-Soviet clash over strategy in underdeveloped areas is potentially significant for the African Communist movement, there is at present little specific evidence of rivalry or friction. There have been vague reports, for example, that at the November 1960 Moscow Conference, the Soviet and Chinese delegates clashed over specific details of African policy, but the nature of these differences—if they actually exist—is not known. The four African parties represented at Moscow (South Africa, Tunisia, Morocco, and Sudan) all appear to have supported the Soviet side of the ideological dispute with China.

F. Latin America

54. The leaders of the Latin American parties are in nearly all instances veteran Communists who were trained in the USSR and still must look to Moscow for material support. After Stalin's death the Soviets began to take a more active hand in directing Communist activities in Latin America. At the Moscow

Conference of November 1957, and again at the 21st CPSU Congress in January 1959, the Latin American parties were given direct, detailed instructions on tactics in support of the "peace campaign" in their countries.

55. In recent years the Chinese Communists have enlarged their efforts to acquire influence among these parties. They have been handicapped by their lack of official representation in most of the Latin American countries. By bringing Latin American Communists to Peiping for visits and extended training, however, and by greatly stepping up their propaganda in the area, they have succeeded in making known their divergent views. Chinese revolutionary tactics have won some admiration, particularly among younger Communists, but Chinese influence has to date not become an important factor within these parties.

56. As the Sino-Soviet dispute developed, Soviet-oriented party leaders managed to minimize the differences and to prevent discussion among their memberships. During the early stages of the Moscow Conference, there were some indications of support for Chinese views in some of the smaller parties (Honduras, Nicaragua, Panama, Peru) which felt that they had no prospects for achieving power by nonviolent means, and a serious split developed in the Uruguayan Party. On the other hand, the important Cuban and Brazilian parties were among the strongest Soviet supporters on the key issue of discipline within the international movement. In the last analysis, all the Latin American parties, in certain cases under some pressure, stood firm in support of the Soviets against the Chinese.

57. The success of the Cuban revolution has introduced a new factor of major importance into the structure of Communist authority and control in Latin America. Cuba is heavily dependent upon Soviet material support, and the Cuban Communists look primarily to Moscow rather than Peiping. At the same time, the Cuban Communists apparently feel that their revolutionary success had unique features which allow them a certain pride and independence, and they also consider that their success in Cuba has provided a model and

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inspiration for the other parties in Latin America. At the Moscow Conference, both the Cubans and the Brazilians initially voiced reservations about the Soviet concept of a "national democratic state"—of which Cuba is the first example—showing reluctance to bind themselves to any rigid policy formulation which might not fit future conditions elsewhere in Latin America.

58. Havana has a special importance as a secure base for Communist activities in Latin America. For one thing, it has provided the Chinese with a point of entry into an area where they have found it difficult to obtain a foothold. For another, it has become the logical meeting place and training ground for Latin American Communists. Some of these, however, apparently are concerned that the great prestige of the Cubans in their own parties may weaken their own leadership, and they may suspect their Cuban comrades of ambitions to lead the movement in the area. Thus the future interaction of Soviet, Chinese, and Cuban aspirations and interests in the Communist movement of Latin America is at present far from clear.

IV. THE OUTLOOK

59. It is evident from the foregoing account that the international Communist movement, for decades little more than an instrumentality of Soviet policy, is being changed, because of the forces of nationalism and diversity within it, into a movement reflecting an appreciable diffusion of power. The real distribution of authority is at present uncertain and shifting. We believe that in spite of the present show of harmony the Soviet and Chinese leaders are not agreed upon the future structure of relations among the parties. The Chinese have carefully avoided making any claim to primacy and have insisted only upon an enlarged role for themselves with the CPSU in the direction of the movement. But it is not at all certain that their ambitions end at that point. During the struggles of 1960, it appeared that the Chinese were making a bid for codetermination of policy in the Communist movement, in part because they believe that they have better preserved the purity of

Communist doctrine. We believe that, though in future they may exercise more judicious tactics, they will miss few opportunities to advance their claims. For the present, however, they are refraining from open challenges to the CPSU, but are nonetheless continuing to develop their coterie of supporters among the other parties.

60. The Soviets, for their part, are finding it difficult to reconcile themselves to the impairment of their control over the Communist movement. At the same time they recognise that the rise of Communist China, the proliferation of non-Bloc parties, and the drawbacks of Stalin's coercive techniques require them to adopt a new approach to the problem of authority and control in the Communist movement. They have experimented with looser methods of supervision, especially in Eastern Europe, and have tried to establish the idea that there exists a "comity" of equal Communist nations. But in all this they have merely been seeking new forms for maintaining their authority undiminished. Thus they did not hesitate, when confronted with a direct challenge, to use coercion in state relations with China and Albania and, on a party level, to try to railroad through international meetings their views on ideology and global strategy. Though they have renounced formal leadership of the movement, they hope to retain the substance of their former authority by exercising pressure and influence bilaterally upon other parties and by confronting their rivals with strong majority coalitions at international gatherings.

61. It seems to us unlikely, therefore, that the Soviet and Chinese parties will soon find a way to resolve their differences and achieve a stable arrangement for directing the Communist movement. For one thing, the relations between the two states are already cluttered with a series of political, economic and military issues which keep mistrust alive. For another, there appears to be no intimacy, and little regard, between the leaders of the two powers. Most important, however, each has strongly-held views on the strategy which can best serve both its own interests and those of

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the movement, and the differences in these views go deeper than personal jealousies.

62. On the other hand, each side is aware of the immense damage that would result from an open rupture. It may be that both will take the events of 1960 as a warning not to allow their relations to become so openly bitter in the future. But, we believe that the course of these relations will be erratic, co-operative at some times and places, competitive at others. This course will also be influenced by external and even fortuitous factors. Western policy, for example, might act either to drive the USSR and China closer together or to widen the breach between them. Again, a major change in the leadership of either party, while it probably would not affect the fundamentals of their relationship, could alter the vigor with which one or the other prosecutes its claims.

63. Under these circumstances, with authority diffused and both Peiping and Moscow soliciting their support, the other parties will almost inevitably be tempted to bargain between them in order to obtain a greater measure of independence for themselves. Some of the parties in Eastern Europe, or factions within them, may attempt to develop further the autonomy conceded by Stalin's successors. In this connection, Yugoslavia, which stands as an example of a successful Communist state enjoying full independence, would exercise an increasingly strong attraction, particularly if Khrushchev's policies toward Belgrade belie the formal proscription of Yugoslavia as deviationist. In the Asian Satellites, where Chinese influence is already strong and has a good prospect of increasing, the regimes will be better able to bargain for economic and political support.

64. The parties outside the Bloc, even those still closely tied to Moscow, will also find their positions affected by Sino-Soviet competition. Some of these parties, particularly those which are less doctrinaire and less accustomed to close Soviet tutelage, will be inclined to select from differing Soviet and Chinese tactical advice whatever happens to fit their particular needs of the moment. Those smaller parties

of Asia, in which pro-Chinese inclinations are already strong, will probably tend to solidify their ties with Peiping. The sharpest effects will probably be felt in those parties in the underdeveloped countries, such as India and Indonesia, which enjoy real political prospects and therefore must make important tactical choices. The two brands of advice, often sharply different, now being urged upon those parties will probably intensify the factionalism which already plagues their ranks.

A. Policy Effects

65. While the altered relationships within the Communist movement and the decline in Soviet authority have not altered the fundamental hostility of the Communists toward the non-Communist world, we believe that these developments are having an important influence on Communist policy. The Chinese Party, through the disputes of the past year, has already diminished to some extent the flexibility of Soviet policy toward the West, and the Soviet Party will probably encounter increasing difficulties in coordinating general Communist policy. Soviet and Chinese differences of view on general tactics for the parties as well as the differences in the national interests of the two states, are important enough to make the working out of an agreed course of policy more, rather than less, complicated. These difficulties may not be as serious in times when events generally favor Communist interests, but they may again erupt into open polemics during periods of adversity, or even at times when fundamental decisions are required for the exploitation of unfolding opportunities. This would be especially true if the Chinese thought the Soviets showed signs of making concessions to the West on important matters, or if the Soviets felt that Chinese actions threatened to involve the USSR in war.

66. The hardening of Soviet policy over the past year or so almost certainly owes something to the CPSU's desire to counter Chinese charges of insufficient revolutionary zeal. We think that this effort is partly responsible, for example, for the vigor with which the Soviets have attacked the West on the issues of

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colonialism and the structure of the UN. It may have played a part in their reversal of position in the nuclear test talks and their total subordination of disarmament policy to political struggle. This is not to say the Chinese can now exercise a veto power over Soviet policy. Moscow's present tactics appear to be guided by much the same calculations of risk which the Chinese earlier criticized as overly cautious. Nor has Khrushchev been deterred from renewing personal diplomacy with the US or reviving contacts with Yugoslavia, leaving Peiping to swallow its objections. But the Chinese probably have succeeded in limiting somewhat the USSR's freedom to engage the West on any basis other than militancy.

67. The development of the relationship between the USSR and China, and the evolution of the international Communist movement generally, will obviously be of profound significance for the security and interests of the West. In the long run Chinese power, assertiveness, and self-interest might increase so far as greatly to impair the common policy with the USSR, and even lead the Soviets to believe that they had more in common with

the ideological enemy than they have today. For some time to come, however, the most likely prospect is that the USSR and China will maintain their relationship in something like its present form. It will be an alliance which is from time to time troubled and inharmonious, but which nevertheless preserves sufficient unity to act in concert against the West, especially in times of major challenge. However, present trends as described in this paper point to an increasing complexity, diversity, and interplay of forces within the Communist system, and to a remarkable survival of old-fashioned impulses of nationalism.

68. These trends may have various effects. They may from time to time result in more aggressive anti-Western policies intended to hold the forces of disunity in check. They may enable certain parties, free from the restrictions of a rigid, general Communist line, to pursue more effective policies in local situations. But eventually, if such trends persist, they may considerably diminish the effectiveness of the Communist movement as a whole. This would give the West opportunities for maneuver and influence which could provide important advantages in the world struggle.

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SECTION 20

NIE 13-63

Problems and Prospects
in Communist China

1 May 1963

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UNITED STATES INTELLIGENCE BOARD
As indicated overleaf
1 MAY 1963

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Nº 425

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PROBLEMS AND PROSPECTS IN COMMUNIST CHINA

THE PROBLEM

To establish where Communist China now stands in its domestic situation and foreign policies, to identify the major problems it faces, and to estimate probable developments over the next two years or so and, where possible, further ahead.

CONCLUSIONS

A. Communist China's domestic situation appears slightly improved from its recent grievous state. To a considerable extent this improvement reflects relatively moderate, pragmatic policies which have replaced the excesses of the "leap forward" and commune programs. With good luck and good management, the economy could within the next couple of years resume a rapid rate of growth approaching that of the First Five-Year Plan, though it is likely to fall short of this. A critical question over the next five years will be whether the Chinese Communist leadership will sustain a pragmatic course in the face of its strong ideological compulsions. Unsound doctrinaire policies, bad weather, and other unfavorable factors could combine to cause complete economic stagnation. (Paras. 1-6, 11-17)

B. Though discontent will persist and could increase if the economic situation deteriorates, we do not believe that dissidence will pose any serious threat to the regime in the next two years. (Para. 10)

C. Communist China's economic difficulties and the drastic reduction of Soviet cooperation have lessened the relative effectiveness of Communist China's military establishment. Nevertheless, Peiping still has by far the strongest Asian army, and this is sufficient to support the kind of relatively cautious foreign

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policies Peiping has actually been conducting or is likely to conduct during the next two years. It will almost certainly not have a militarily significant nuclear weapons system until well beyond this period.¹ (Paras. 12-23)

D. Peiping's dispute with Moscow springs from basic issues of incompatible national and party interests, and the Chinese Communists show no signs of relenting. Public polemics may be damped down on occasion, but we do not believe a fundamental reconciliation will take place. The Chinese will almost certainly continue to attempt to expand their influence at Soviet expense in the underdeveloped countries and to turn Communists throughout the world against Khrushchev and his policies. A formal schism could occur at any time, although the chances are reduced by each party's great anxiety to avoid the onus of having split the world Communist movement. (Paras. 24-30)

E. Communist China's foreign policy will probably continue generally along current lines. Peiping will remain passionately anti-American and will strive to weaken the US position, especially in east Asia, but is unlikely knowingly to assume great risks. China's military force will probably not be used overtly except in defense of its own borders or to assert territorial claims against India. Subversion and covert support of local revolutions will continue to be Peiping's mode of operation in southeast Asia and, to a necessarily more limited degree, elsewhere in Asia and in Africa and Latin America. (Paras. 31-40)

DISCUSSION

I. THE ROAD TO 1963

1. The situation in Communist China is a little better than it has been during the past two years. However, the effects of ill-advised policies and the almost total loss of Soviet support, intensified by a long spell of bad weather, have left a China that is far different from the one which, five years ago, so exuberantly undertook the risks of the economic "leap forward" and of assertive independence of Moscow.

2. By 1958, the Chinese Communist leaders had concluded that the country's rate of economic progress was unsatisfactory. Despite impressive growth in the industrial sector, China's agricultural produc-

¹This question will be discussed in detail in JIE 13-3-63, "The Chinese Communist Advanced Weapons Program," ~~CONFIDENTIAL~~ to be published soon.

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tion had not increased sufficiently to feed a growing population, repay the Soviet credits, finance current imports, and provide capital for rapid industrial development. China's leaders apparently concluded that they could meet their economic problems only by a radical departure from Soviet techniques of economic development. Deciding to rely chiefly on manpower, their only readily available surplus resource, they suddenly and summarily organized the peasants in mid-1958 into huge super-collectives—communes—that were to regulate every phase of productive activity in the rural areas. At the same time they embarked on an all-out, frenetic drive for industrial and agricultural development under the banner of "the great leap forward."

3. This sharp divergence from the Soviet model was part and parcel of a developing Sino-Soviet dispute over a broad spectrum of military, economic, diplomatic, and ideological questions. By mid-1963, the Chinese leaders had apparently become convinced that the USSR did not intend to satisfy Chinese desires respecting advanced weapons, industrial development, and great power status. They initiated sharp new departures not only in economic development but in military programs. What was particularly galling to the USSR was Peiping's growing ideological assertiveness. Communist Chinese leaders became increasingly critical of Moscow's international policies. By the end of 1960 the USSR had responded by withdrawing most of its technicians, Soviet deliveries were declining sharply, and the rift between China and the Soviet Union had become wide and deep.

4. Communist China has paid a staggering price for these assertions of Chinese political and economic independence and the decisions of its leaders to force the rapid emergence of a great new China by radical means. The new Chinese theories of development created economic and psychological chaos. The drastic reduction of Soviet cooperation critically increased the regime's difficulties, and led to technical breakdown and disorganization in industry and drastic setback to Peiping's modern weapons programs. By the end of 1963, the nation's economy was generally no further along than it had been at the end of 1957. The Chinese people have spent five strenuous, painful years on a treadmill. And whereas the regime had entered 1963 with a great reservoir of respect and popular support, it now has to call upon a weary and disillusioned people to move the country forward.

5. The past several months have shown signs of improvement. The food situation eased somewhat in the summer of 1963, as a result of better weather, agricultural decentralization, and an increase in private plots and "free markets." There has been a rise in the production of agricultural support goods (e.g., tools, pumps, and fertilizer). These developments, and others such as the one-sided victory over Indian forces on the Himalayan border, appear to have improved popular morale somewhat and have probably reduced the dissidence potential.

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6. Peiping's leaders have entered 1963 in a mood of some confidence. Although they admit to having set overambitious goals and committed other errors, they evince no doubts about the validity of Marxism-Leninism or the correctness of their interpretation of it. They place the major blame for past disasters upon cadre errors, unprecedentedly bad weather, and Soviet sanctions. They believe that by surviving these trials they have demonstrated the soundness of their regime. Communist China can now recover on its own, they apparently believe, and without the need to rely on external aid from an untrustworthy partner.

II. PROSPECTS

A. Political

7. The leadership elite of the Chinese Communist Party has not survived the crises of the past five years unscathed. In 1959 the Minister of Defense and the Armed Forces Chief of Staff were removed from office and disgraced. A few other key figures appear to have been shoved quietly into the background. A number of provincial First Secretaries and other middle-level officials have lost their jobs. At the lower levels of the party there has been a considerable increase in cynicism and a notable loss of élan.

8. The regime nevertheless remains under the control of essentially the same group of Long-March veterans who have led Chinese communism since the mid-1930's. Ultimate power still rests with Mao Tse-tung, although basic decisions are probably reached by leadership consensus. It is unlikely that the composition of the leader group will be seriously altered during the next two years or so, although the actuarial odds will be increasingly against this group—nearly all of whom are in their 60's or 70's. If Mao, who will be 70 this year, should die, he would probably be succeeded by Liu Shao-ch'i, the present Chairman of the government and Mao's designated heir, but Liu would not enjoy Mao's prestige and pre-eminence over his colleagues.

9. The Chinese Communist regime will almost certainly continue to adhere to its own brand of communism and to remain very much anti-US. The character and direction of its domestic policies over the next two years are, however, less certain. Beginning in 1960, Chinese leaders have relaxed pressures and controls and removed many of the coercive features of the commune and "great leap forward" programs. In the past few months they have begun to intensify political pressures and controls aimed at increasing central direction of the economy and curbing private activities. This recent behavior raises a question of the extent to which they may reverse over the next few years the more permissive and pragmatic courses which have helped alleviate the consequences of Peiping's earlier policies.

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10. Any significant rise in public dissidence in the near future is unlikely. The bulk of the people, especially the four-fifths who constitute the peasantry, seem prepared to work stoically for very modest, direct rewards, as they have for centuries. For the most part, they will probably continue neither to combat nor support the regime, but will strive to ignore it. Judging from the limited available evidence, they will probably remain more interested in personal survival than in revolution. The regime will have somewhat greater difficulty with the young people, who are embittered by current drastic restrictions in educational opportunities and frustrated by very limited and arbitrarily assigned job opportunities. Dissidence tendencies would increase if the regime pushed political and economic controls too harshly or too far or if food supplies decreased sharply. We doubt, however, that conditions will deteriorate so far in the near future as to precipitate widespread resistance. Taipei is unlikely to receive decisive popular support for any military efforts short of a major invasion which had established momentum. Dissidence among national minorities (e.g., in Sinkiang) will almost certainly persist but remain localized.

B. Economic²

11. Communist China has the potential for substantial economic growth. It has good supplies of most of the natural resources needed by modern industry and it has a huge and hard working labor force. The much greater productivity of Japanese and Taiwanese fields indicates that Chinese agricultural output could be considerably increased. Properly managed, the economy of the Chinese mainland could provide a continually improving standard of living for a number of years to come, in spite of a population growth rate that may again rise to as much as 2.5 percent a year.

12. During the past five years, however, Communist China's economy has been grievously mismanaged. The leadership has been handicapped by inadequate economic training and experience, limited by a narrow doctrine, and misled by fanaticism. The Second Five-Year Plan was abandoned in its infancy in favor of the uncoordinated frenzy of the "leap forward." In addition, several consecutive years of very bad weather and the abrupt withdrawal of Soviet economic and technical cooperation further upset the economy.

13. Following the chaos of the past five years, Peiping has apparently decided to go ahead on schedule with a Third Five-Year Plan to cover the years 1963-1967. Since the plan is hardly beyond the preliminary stage and even the annual plan for 1963 has apparently not been formulated, the chief significance of announcing the Third Plan at this

²For details, see Annex A.

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time is as a signal that the regime is, for the moment at least, intent upon returning to a systematically planned economy. The one big deviation from standard Communist practice is the order of priority for planning and investment: first, agriculture and those branches of heavy industry which support agriculture and national defense; then light industry; and finally industry in general. This stress on agriculture marks a belated recognition that greater agricultural investment is necessary to enable China to feed its people and that this is a prerequisite to a vigorous and rapidly growing heavy industry.

14. In any event, the outcome of the race between growth in agricultural production and growth in population will be constantly in doubt. In 1962, population stood at 80 million above the 1957 level, while grain production had no more than regained the 1957 level. To succeed in agriculture over a period of years, Peking must not only minimize the depressing effects of collectivization and lowered incentives but stimulate production with increasing amounts of fertilizer, improved seed, better disease and insect control, better water conservancy, and more modern tools and techniques. It takes time and money to develop these resources and utilize them effectively. In the meanwhile, the critical factor may well prove to be Peking's management of the peasantry. The outlook is not bright in this respect. Communist agricultural management has demonstrated itself in China, as elsewhere, to be a damper on productivity.

15. In industry there has been a modest improvement in performance in recent months, according to the scanty evidence available. The current stress on quality controls, coordination among industries, and the gearing of output to actual needs will, if continued, probably place industry on a sounder, more rational basis. The need for goods to provide incentives for labor and items for export has induced Peking to give light industry priority over those branches of heavy industry that do not directly support agriculture or national defense. What is needed for a large increase in light industrial production is not so much new investment as reactivation of presently idle capacity; this, in turn, depends on increased supplies of raw materials from agriculture.

16. The margin between success and failure will remain so slim, and the variables so great, that any estimate of Communist China's overall economic future must be general and tentative. If the regime continues to pursue relatively moderate and rational policies and if it has reasonably good luck with the weather, the Communist Chinese should enjoy continued, though modest, recovery during the next year or so. This will result largely from returning idle capacity to production, and it will probably be accompanied by improvement of product quality, more effective coordination of the allocation of resources, and better maintenance and repair of equipment. Over the longer run, the imponderables increase, and a wide range of developments is well within the limits

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of possibility. We believe that the upper limit of what Peiping can achieve over the next five years, with the variables generally favorable, is a resumption of substantial economic growth approaching that of the First Five-Year Plan.

17. Of the variables which, unlike the weather, are subject to Peiping's control, the one which probably is of critical importance to the economy is national economic policy. The present order of economic priorities and the use of material incentives to stimulate production run against the grain of Peiping's doctrine. Both the strong Chinese craving for "modernity" and the doctrinaire Communist compulsion toward rapid industrialization militate against lasting primacy for agriculture. As soon as the Communist Chinese leaders judge the agricultural foundation to be adequate, they will almost certainly shift their emphasis to industrial expansion, and they may do so prematurely. Moreover, to renew a program of general development entailing large capital expenditures would require reimposition of stringent controls over consumption, distribution, and procurement of agricultural output. The regime may not be successful in increasing its take from the hard-pressed countryside, and, even if it is, the substitution of political pressures for economic incentives could again depress agricultural output and stimulate dissension against the regime. With this in mind, together with the possibility of adverse trends in such other variables as crop weather and foreign economic relations, we believe that the regime's economic achievements are likely to fall short of the upper limit described in the preceding paragraph. Furthermore, it is possible that a combination of unfavorable developments could result in economic stagnation which in time could critically erode the unity and strength of the regime.

C. *Military*^a

18. The modernization of the armed forces, which was progressing steadily until about 1960, has practically ended, except for the continued introduction of radar and certain other electronic equipment. No advanced aircraft, submarine components, or other items of advanced equipment have been received from the USSR in the past two and one-half years, domestic production of fighter aircraft and submarines has ceased, and inventories are being reduced by deterioration and cannibalization. During the depths of the domestic decline, the military forces suffered shortages of even routine items of supply, but this condition has apparently been alleviated in the past year. In general, the army has been less affected than the other services.

19. Peiping almost certainly intends to achieve domestic production of all necessary weapons and materiel for its armed forces. It has a

^a Annex B sets forth Order of Battle figures for Chinese Communist air, naval, and ground forces.

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long way to go before reaching this goal, however. The Chinese at present are probably unable to produce even MIG-17's entirely by themselves, and it will be a number of years before they can design and produce more advanced types of military aircraft. Indeed they may have chosen instead to concentrate their limited resources on missiles. Their wholly domestic naval shipbuilding capacity is likely to be restricted to surface ships of the smaller types during the next few years.

20. Our knowledge of the morale of the Chinese Communist forces is minimal. From Chinese documents we know that morale was low during the depth of the food shortages (late 1960, early 1961) when the troops were underfed and overworked and were distressed by the even greater suffering of their families. Measures taken to ease the situation of the troops and to provide special rations to their families appeared to improve morale beginning in the latter half of 1961. The Chinese troops in the recent Sino-Indian border fighting displayed no indication of poor morale. Air force and navy units have not been similarly tested, however, and the decreasing effectiveness of their equipment, along with the inadequacy of training caused by fuel stringency and lack of spare parts, may have lowered morale in these services.

21. Additionally, there have been problems at top command levels, where the military policy of the party was apparently challenged. However, dismissal of Defense Minister Peng Te-huai and the strengthening of security measures within the armed forces appears to have insured subservience to the party.

22. Peiping's military policy has always been characterized by caution in undertaking initiatives in the face of superior power. Hence the decline in the relative effectiveness of its military equipment and weapons is likely further to temper Peiping's policy, especially in circumstances where it might confront US armed power or US-equipped Asian air forces. However, the Chinese Communist Army will continue to be the strongest in Asia and to provide a powerful backing for Chinese Communist foreign policy. The Sino-Soviet dispute will probably place additional demands on Chinese military dispositions and capabilities, since one of the consequences of China's new "independence" from the USSR will be the need to keep a closer watch than previously on the long China-Russia border—which the Chinese still consider a "difficult" and "unsettled" question.

23. *Advanced Weapons.*⁴ Peiping appears determined to achieve a nuclear and ballistic missile capability, and in time it will almost certainly do so, though it is not likely to acquire a militarily significant system until well beyond the period of this estimate. In the shorter term,

⁴This subject will be treated fully in the forthcoming NIE 13-2-63, "Communist China's Advanced Weapons Program." ~~(TOP SECRET)~~

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the Chinese Communists probably hope to produce and detonate a nuclear device as a step toward developing this capability and in the expectation that this would boost morale at home, strengthen the regime's claim to world power status, and inspire fear in its Asian neighbors. For some time to come, even a limited effort in the nuclear and missile fields will severely tax the regime's economic and technical resources.

D. Sino-Soviet Relations

24. We believe that Peking's continued willingness to challenge Moscow's leadership in spite of the costs and risks involved is based principally on the following elements:

a. A conviction that Moscow's policies are inimical to Communist China's national interests, and in particular that Moscow wishes to retard or prevent Communist China's development as a leading world power. The Chinese Communist leaders see Moscow's unwillingness to confront the US as involving the postponement of such national goals as the seizure of Taiwan. These differences are compounded by the xenophobic emotions inherent in the Chinese racial, nationalistic, and cultural pride and practices.

b. A determination that Peking must be accepted as an equal partner in the formulation of Bloc policies.

c. A conviction that Moscow is becoming increasingly revisionist and bourgeois, abandoning classic revolutionary goals and destroying the militancy of the world Communist movement. The Chinese are particularly outraged at what they interpret as attempts to temporize with the US arch-enemy.

d. A conviction that in the present historical stage the victory of communism will be won chiefly in the underdeveloped areas of the world, and that the militant "path of Mao Tse-tung" provides the best blueprint for the struggle in these areas.

e. A conviction that Moscow's "revisionist" policies are unacceptable to significant elements in other Communist parties (particularly those parties out of power) and even in the Soviet Party itself. This factor, together with restiveness in many parties to Soviet domination, probably nurtures the conviction of the Chinese Communist leaders that they will inevitably prevail.

25. The present Sino-Soviet relationship can be characterized as one of *de facto* break. The two regimes have long been at odds on a wide range of issues. Party and state contacts between them are minimal. They are engaged in competitive proselytizing within the world Communist movement. During the past year, polemics have become increasingly bitter and explicit. There are even some indications of growing tensions along the Chinese-Russian borders.

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26. Nevertheless, both parties have been at pains to avoid a formal break.⁵ Each continues to preach the unity of the Communist movement. This is in part a device to throw on the other the blame for the disunity now apparent; both parties wish to avoid a situation which might involve a formal renunciation of the alliance and to avoid the onus for having forced such a break if it does in fact ensue. They share a mutual concern for the advantages that a formal break would give their common enemies, and for the damage it would do the world Communist movement. Additionally they wish, in view of their long common border, to keep some limits on hostility. Both sides probably hope that eventually, perhaps after the departure of the rival leadership, the other will see reason and make the critical concessions necessary to restore unity.

27. Bilateral Sino-Soviet discussions of differences may take place in the immediate future, but in any discussions that transpire the Chinese are likely to be truculent and assertive. Moscow will endeavor to temporize and avoid a dramatic and adverse denouement of the Sino-Soviet conflict, but will feel obliged to react forcefully if pushed hard enough. Thus a formal break is possible. It is also possible that at any time negotiations may result in a temporary damping down of the public aspects of the dispute, but the fundamental issues will persist. Sino-Soviet relations will continue to be plagued with tensions that will lead to continuing estrangement and have correspondingly adverse effects for Bloc and international Communist unity.

28. The practical effects of the dispute on Communist China will continue to be serious. China's industrial plant and military establishment will continue to suffer from lack of Soviet cooperation. Petroleum products now make up about half of China's imports from the USSR, and a further cutback here, especially in aviation fuel and high quality lubricants, would for a time seriously reduce Peiping's military capabilities. A cutoff of spare parts for Soviet equipment would also handicap both military and industrial progress. New foreign and domestic sources of supply could, however, probably be developed, in some cases fairly rapidly.

⁵ Some confusion has surrounded assessments of the Sino-Soviet "break" and of its consequences. This paper seeks to make the following distinctions:

1. A break already exists in Moscow-Peiping relations—and may have existed since at least 1960: this we call a *de facto* break (paragraph 26).
2. Most discussions of whether or not a Sino-Soviet break will occur have been directed, in our view, to what should be called a *formal* break. Such a formal break could take many forms: unlike the Soviet-Yugoslav situation of 1948, there is, technically, no international Communist body from which to expel the OCP, or the CPSU. There could, however, be a severance of party relations, a formal and specific denunciation (possibly emanating from separate international Communist conferences), or any circumstances in which at least one of the protagonists states officially that a formal break now exists.

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29. Continuing estrangement will almost certainly cause Khrushchev increasing embarrassment within the CPSU, and also lead to more competition for adherents and influence throughout the world Communist movement, with China tending increasingly to assert itself as a rival center of truth, authority, and example. Peiping already appears to have displaced Soviet influence in North Korea. North Vietnam will continue to attempt to profit from its "neutralism," but it appears to be drifting toward Peiping. In Cuba, it is likely that the Chinese posture encourages Castro to reject Soviet advice which conflicts with his own predilections. Peiping will press its campaign to win over the leftist militants throughout non-Communist Asia, Africa, and Latin America, lining up the *ad hoc* support of parties where it can and settling for splinter factions elsewhere, e.g., Brazil. Further Chinese gains are probable in the Japanese and Indonesian Communist parties, at the expense not only of pro-Soviet factions but of Soviet interests and influence in those countries. We definitely do not expect the balance in the world Communist movement to shift to Peiping in the next two years—or, perhaps, ever.

30. Peiping may attract enough adherents in the underdeveloped areas of the world to cause the Soviets to adopt a somewhat more militant public posture in these areas, in an effort to outbid the Chinese for the support of selected revolutionary movements and to prove themselves true Marxist-Leninists. However, the USSR's actions in the Far East (as elsewhere) will almost certainly continue to spring principally from considerations of Soviet security and interests, not the status of relations with Peiping. Indeed, even if there were a formal Sino-Soviet break, the USSR would almost certainly intervene in any US-Chinese hostilities which threatened to establish a non-Communist regime in China along the USSR's borders.

E. Foreign Affairs

31. Peiping is engaged in a struggle with Moscow for influence in the Communist Parties of the underdeveloped nations of Asia, Africa, and Latin America. The Chinese Communists believe that they are uniquely fitted to lead this major portion of the world's peoples into communism because of their own experience, their correct interpretation of Marxism-Leninism, and their status as a nonwhite, non-European people who have been victims of imperialism. According to Peiping's reasoning, when these nations are brought into the "Socialist camp," the Western capitalists, deprived of their captive markets, will be unable to retain their positions of power, and socialism will triumph.

32. Peiping recognizes that this is a long-term objective which at present it lacks the capability to bring about. It can provide very little material aid to Communist revolutions except in countries on which it borders, e.g., Laos. Thus a limited and somewhat opportunistic policy

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is followed, with the aim of reducing the US and Western presence in Asia and (with lesser priority) the rest of the underdeveloped world.

33. Peiping's foreign policy objectives can be roughly distinguished by the amount of risk the regime is prepared to take to carry them out. The obvious first rank objective is the preservation of the regime and the protection of its existing boundaries. For these purposes Peiping is willing to go to war, almost regardless of the odds. If US or SEATO troops approached its borders through Laos or North Vietnam, Peiping would almost certainly be ready to commit its forces openly, unless in the particular circumstances it saw greater advantage in more covert military operations. The acquisition of Taiwan falls in the second rank of objectives—those for which Peiping is fully prepared to use overt military force, but only when the prospects of success are judged to be high. To achieve this goal, Peiping is prepared to run fewer risks and is particularly anxious to avoid direct conflict with the US. Peiping almost certainly will not attempt to seize by military force either Taiwan or any of the major offshore islands which it believes the US would help Taipei to defend.

34. For its broader and longer range goals of spreading communism throughout the underdeveloped world, Peiping is probably not prepared to accept any substantial risk, although it must be noted that Peiping tends to estimate the risks involved in supporting "wars of national liberation" much lower than does Moscow. Peiping apparently does not intend to undertake overt conquests of foreign lands in the name of communism, but intends to let indigenous revolutionaries do the fighting and the "liberating." Peiping is prepared to train foreign nationals in guerrilla and political warfare, and will back revolutionary movements to the extent of its limited capabilities with equipment, funds, propaganda, and support in international affairs.

35. Peiping's approach to world affairs is strongly influenced by Chinese nationalism. Chinese nationalistic feelings have been an asset to the regime domestically and have shaped certain courses of foreign policy quite apart from, and sometimes contrary to, the interests of communism. The Sino-Indian confrontation in the Himalayas is a case in point. Here, Chinese national interests and motivations took precedence over the interests of the Indian Communist Party.

36. During the next two years, Peiping will remain active in south-east Asia. In Laos, Peiping will continue to encourage and aid North Vietnamese and Pathet Lao efforts to dominate the country. There is already a Communist Chinese presence in the country, and the nucleus of a Chinese-built road network is designed to increase ties to mainland China. These roads could also facilitate the movement of Chinese troops if an eruption of fighting in Laos were to bring US or SEATO forces into the area. Peiping will encourage and support subversive

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activities in Thailand, and will probably try to exploit racial and other tensions in the emerging Federation of Malaysia. In some parts of southeast Asia, the overseas Chinese provide an instrument for Peiping, but they are unpopular in the host countries and in many areas appear to be less responsive than formerly to Peiping. Peiping's long-range goals almost certainly envisage the gaining of dominant influence over the area and the exploitation of its economic riches.

37. Communist China's policies toward its two greatest Asian neighbors, India and Japan, are likely to continue along approximately the present lines through the next two years or so. The Chinese Communist leaders wrote off Nehru some time ago as a bourgeois nationalist whose usefulness to them has passed and who therefore need no longer be courted. They now are aiming to diminish India's stature as an alternative model of development and to undermine its status as a leader of the nonaligned and Afro-Asian blocs. They almost certainly have no intention of invading India beyond Chinese-claimed territory during the next two years, though they will respond vigorously to anything they consider a provocation. In any case they will carry on a continuous political campaign against the Indian leadership. In the case of Japan, Peiping will simultaneously strive to gain dominant influence in the Japanese Communist Party; nudge the Socialists and other leftists into more militant and anti-US courses; bid for Japanese businessmen's support, by dangling trade prospects before them; woo the Japanese public with propaganda and people-to-people diplomacy; and demand recognition from the existing Japanese Government.

38. Communist China will continue to exert considerable influence in Asia, almost regardless of developments in its domestic and foreign policies. The depressed conditions of life in China have somewhat tarnished the image of China held widely in Asia. However, this effect will probably prove short-lived, especially if mainland China regains some of its former economic momentum. More important, fear of Communist China will almost certainly continue and may grow. Even now, the policies of several Asian countries, especially Burma and Cambodia, are conditioned in important measure by desire not to provoke Peiping.

39. Fear will also be increased by detonation of Communist China's first nuclear device, though the psychological impact will not be as great as would have been the case had the Chinese detonation come suddenly a few years ago. Initially at least, most Asian governments will make new and most earnest inquiry into US intentions for the defense of east Asia and the western Pacific.

40. Peiping's intense anti-Americanism is deeply rooted both in Communist doctrine and in militant Chinese nationalism. This attitude will almost certainly persist as long as the present group of leaders remains in control, and there is no reason to anticipate a softening by their suc-

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cessors. Peking remained antagonistic toward the West even in the winter of 1961-1962, when the regime's fortunes were in many ways at their lowest ebb and it had fears for its own security. The regime might make minor concessions for expediency, but in the foreseeable future it will almost certainly not abandon its basic anti-American attitude.

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ANNEX A.

ECONOMIC

I. ECONOMIC PERFORMANCE IN 1962

1. In 1962, the moderate economic policies adopted in the winter of 1960-1961 were continued. Private activity in agriculture and in rural trade was still permitted. Major industrial goals included the expansion of production to support agriculture and the expansion of output in light industry, handicrafts, and the mining and timber industries. Emphasis was placed on improvement of quality, on cost reduction, on increases in output per worker, and on better care of equipment.

2. The communique issued after the 10th Plenum of the 8th Party Congress, which met secretly in Peiping on 24-27 September 1962, suggests that the retrenchment and consolidation prevailing in 1961 and 1962 will be generally continued for the time being, but that some tightening up of discipline in economic affairs is considered necessary to direct and mobilize resources as a condition for a more organized development effort. To these ends, the party appears to have decided (a) to retain recent emphases on more conservative management policies for industry, policies which are similar to those that prevailed in 1957; (b) to retain the "leap forward" and "communes" at least as concepts; and (c) to permit no further retreat in collectivization of agriculture, and as a corollary, to restrict private "capitalist" tendencies in the countryside.

3. Economic information, either officially released or independently acquired, continues to be extremely fragmentary. Official claims note advances in some areas of production in 1962; refugees, diplomatic, and traveler reports indicate improvement in the supply of some foods and other consumer goods; and weather data suggest slightly better growing conditions during the year for the country as a whole. These bits and pieces, together with Peiping's more optimistic outlook since September, suggest moderate improvement in an extremely difficult situation. Even with improvement in 1962, serious problems still remain in every major sector of an economy that probably is no more productive than it was in 1957.

A. Agriculture

4. A slight increase in production of grain appears to have occurred in 1962,* but from 1960 and 1961 levels which were abnormally low. Production of grain in 1962 is estimated to have been on the general order

*Our estimates of output are based primarily on weather data, although the probability of somewhat larger acreage of fall grain crops and slightly increased supplies of chemical fertilizer also have been taken into consideration.

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of the 185 million metric tons harvested in 1957, when the population was about 10 percent smaller. The average diet in the 1962-1963 consumption year has probably improved above that of the previous consumption year, largely as the result of increased production on private plots. The food situation remains stringent, but no longer desperate.

5. The expected level of grain imports by China in the 1962-1963 consumption year (July-June) suggests that domestic production and stocks are far from comfortable. Contracts have already been signed for delivery of about 3.3 million metric tons of grain during the first six months of 1963—about the amount imported during the same period of 1962. We estimate that five million tons of grain will be imported during the 1962-1963 consumption year. This is a million tons less than in the previous year but still amounts to about four percent of total food grain consumption. By comparison, China exported about one million tons of grain in 1957.

6. The acreage planted to cotton in 1962 was about half that planted in 1957, and the output was correspondingly only about half the 1.64 million tons produced in 1957.

8. Industry

7. In 1962, the Chinese Communists seem to have achieved moderate success in industry. Compared with 1961, there appear to have been increases in the output of priority goods such as chemical fertilizer, some farm implements, and many types of light industrial and handicraft products. Output per employed worker probably increased somewhat, although in large part this resulted from laying off excess labor and thereby adding to the problem of unemployment. Technical and managerial personnel were accorded greater prestige and responsibility. Problems of quality, cost, and maintenance of equipment eased somewhat, but still persist as obstacles to industrial efforts.

8. The available evidence, which is fragmentary, suggests that total industrial production in 1962 was about equal to that of 1957, or roughly half the 1959-1960 peak. Production of agricultural chemicals, some farm equipment and tools, and a number of light industrial products was considerably above the level of 1957, but production of the machine building and textile industries was below that of 1957. Production of steel and electric power may have been at roughly the level of 1958.

9. Shortages of food for industrial workers, the insufficient supply of agricultural raw material, and the regime's shift to priorities in favor of agriculture account for only part of the difficulties in industry. In addition the industrial sector has been severely damaged by the excesses of the "leap forward," which produced neglect and abuse of equipment, shoddy construction, and wasteful imbalances in the capacity of inter-

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dependent enterprises and industries. Greatly compounding all these problems was the withdrawal of Soviet technicians, the drop in Sino-Soviet trade, and the drying up of opportunities for study in the USSR and Eastern Europe. The cumulative effect of these handicaps has been serious.

10. Many industrial plants are producing far below capacity. The reason for this situation in light industry is clear: the inability to obtain the necessary raw materials from agriculture. The explanation for idle capacity in heavy industry is more complex. Some heavy industrial plants—for example, aircraft, shipbuilding, truck, and chemical fertilizer plants—are producing below capacity because of the lack of spare parts, key components, raw materials, or technical expertise. These deficiencies exist in the plants themselves or in industries supplying components and raw materials. In addition, the drastic cutback in the investment program and the sharp decline in industrial output has lessened the need for basic heavy industrial items such as steel, electric power, construction materials, and some types of machinery. In the industries supporting agriculture, however, especially the chemical industry, additional plant and managerial-technical personnel are sorely needed.

11. We believe that factories producing military equipment have been able barely to keep up with peacetime attrition on some important items of military equipment. Production rates at some existing facilities may have recovered somewhat from the low levels of 1960-1961, but except in the electronic field we believe that little or no headway was made in the program to modernize the equipment of the armed forces. Almost certainly, no significant additions were made to the capacities of industries producing conventional armaments.

12. It is estimated that the total availability of petroleum products in Communist China in 1962 was slightly less than in 1960, the last year for which there is reliable data, but supplies apparently were adequate to meet the essential needs of both civilian and military consumers, though on an austere basis. Of the total supply, about 70 percent was produced domestically, as compared with 50 percent in 1960. Communist China, as far as is known, has not produced aircraft fuels except on a trial basis, and continues to rely on imports from the USSR. The Chinese, however, have the capability of producing jet fuel, although such production would necessarily reduce output of other petroleum products, and difficulties with quality probably would be encountered. China probably does not have the capability to produce high-test aviation gasoline and certain high-quality lubricants.

C. Foreign Trade

13. The reduction in agricultural products available for export, the deterioration in Sino-Soviet relations, the cutback in investment, and the decline of industrial output have combined to lower China's total

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volume of trade and to alter its direction and composition sharply. Total trade in 1962 may have amounted to as little as \$2.5 billion, compared with \$4.2 billion in 1960. Trade with the USSR declined from a peak of \$2.0 billion in 1960 to perhaps as low as \$600 million in 1962. Imports of petroleum products, almost all from the USSR, declined from 2.3 million metric tons in 1961 to 1.9 million tons in 1962, although imports of aircraft fuels and high-quality lubricants in 1962 continued at the level of 1961. The regime is now concentrating on imports of foodstuffs and raw materials; machinery and equipment imports fell off about 85 percent between 1960 and 1962. In November 1962, the Chinese Communists concluded a long-term trade agreement with Japan and throughout the year were actively contacting Western suppliers of industrial products, but few deals of any size or importance have been concluded as yet. China's foreign exchange position remained tight in 1962, but the regime managed to meet its obligations promptly.

D. Transportation

14. In 1962 all forms of transportation in Communist China appeared to be operating at about the 1961 level or lower, with the possible exception of coastal shipping, which is reported to have been more active during the latter part of the year. Although efficiency and capacity continued to be hampered by poor administration, low worker morale, insufficient and low-quality fuel, and lack of materials for maintenance, the transport system is apparently supporting the economy with less difficulty than in recent years, largely because decreased economic activity has greatly reduced demands on the system. The impressive earlier program for extending China's transportation network, which was abandoned in the collapse of the "leap forward," remained in abeyance during 1962. Except for construction on militarily significant roads in Yunnan and Tibet, there was little construction during 1962 on major railways and highways. Production of locomotives, freight cars, and trucks remained at very low levels. Maintenance and production of spare parts for transportation equipment probably improved little if at all.

E. Education and Science

15. In the fall of 1962, the regime drastically curtailed student enrollment at all levels and closed many substandard schools. As a result, some five million high school and college-level students were thrown on the already saturated labor market. This has caused great disappointment among students and their parents. The drastic decision to retrench was undoubtedly a difficult one for the regime to make; it was probably taken to avoid a further diminution in the quality of education, but it may eventually lead to even greater disillusionment and resentment.

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16. A comprehensive 12-year plan for science, which was to have run from 1956 through 1967, has been at least revised and possibly abandoned. In 1962, the regime began to woo the Western-trained scientists who had been ignored or suppressed during the "leap forward." Emphasis is now being placed upon quality in scientific training and research, and political interference in the scientific and academic community has been markedly reduced. The call for scientific support of agricultural development seems to be increasing.

II. PROSPECTS

A. Short-Term Prospects

17. The Chinese Communist leaders seem to have drawn confidence from having weathered the extreme crisis of the past three years and have entered 1963 in a mood of cautious optimism. However, they forecast no major increases in production in 1963, and are hoping for an "upsurge" in 1964 if all goes well, hinging on their success in securing further increases in grain output while restoring production of industrial crops. Their foreign trade negotiations also seem pointed towards 1964; their trade missions in western Europe have frankly stated that they are exploring equipment availabilities on which firm import decisions will not be taken before the fall of 1963.

18. While only modest economic growth at best is expected in 1963, the outlook for 1964 and 1965 is obscure. The generally depressed agricultural situation still colors the entire economic outlook, although, given average weather, further moderate agricultural recovery seems likely. The prospects are fair for restoring industrial crop production, and the resulting light industry expansion could increase industrial output by about five percent annually in 1964-1965. Even greater increases in industrial output might be secured if the regime can reorient its foreign trade to support a substantial expansion in capital construction. With an apathetic population, low food stocks, unsettled foreign trade relations, and heavy foreign debt service obligations, it seems unlikely that China can organize the domestic and foreign resources for a rapid increase in investment. But even without increased investment, greater utilization of presently idle capacity could increase industrial output by 5-10 percent a year in 1964-1965.

B. Future Economic Policy

19. Communist China's economic prospects depend heavily on whether the leadership in Peiping will postpone its goal of transforming China into a modern industrial and military power long enough to insure a safe margin in agricultural production. A Communist state has never before given first priority to agricultural development. The leaders

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have certainly been burned by the catastrophic failure of the 1958-1960 "leap forward" and will presumably be extremely chary of risking a repetition. The composition of the leadership's top echelon remains essentially unchanged, however, and its record is such that a return to radical, politically charged programs cannot be ruled out. The likelihood of a return to such programs will increase in the longer term if progress toward cherished goals appears to lag.

20. In November 1962, several high-ranking officials, including four Politburo members, were appointed to the State Planning Commission, which suggests that a high-level task force has been formed to draw up a Third Five-Year Plan. The plan, when and if it appears, is likely to be more of a political than a planning document, for the uncertainties confronting the regime would seem to preclude detailed long-term planning. Its goals are likely to be general and qualitative rather than specific, and the regime would probably view it as an important instrument for attempting to inspire confidence, unify the country, and galvanize support.

C. Agriculture

21. The regime intends to continue to give priority to agriculture, and Peiping appears to be thinking in terms of an agricultural modernization program that will require 20 to 25 years. Certain elements of this program seem reasonable and feasible for expanding farm output, such as the emphases on research and extension facilities, promotion of chemical fertilizer, electrification, and irrigation. Other pronouncements calling for rapid mechanization, strengthened collectivization, and "politics leading economics" could lead to adverse effects on farm output through inflexible management, lack of peasant production incentives, and a concentration on releasing rural manpower for industry.

22. Even if the reasonable elements in the leadership prevail, there still can be no speedy solution in agriculture. If increased supplies of chemical fertilizer and other inputs are to yield maximum results, they must be accompanied by improved varieties of seeds and improved farming practices. Research and extension services (and, above all, the trained technicians to man them) cannot be created overnight, nor can they be expected to bear fruit on any scale within less than a decade. Furthermore, it remains to be seen just how much effect the recent steps toward centralization will have on the crucial question of peasant incentives.

D. Industry

23. Current emphasis on industries producing goods for agriculture and for consumers is likely to continue for at least the next year or so. Some branches of heavy industry that cannot now produce enough to meet the requirements of the priority sectors of the economy are likely to

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be allocated increased resources for expansion of plant and technical competence. These are likely to include mining, producers of chemicals and machinery for agriculture, producers of some chemical raw materials for light industry, and industries that will help to broaden Chinese technological capabilities. The latter group of industries will be needed to develop a native capability for producing a wide variety (though not necessarily a large volume) of complex machinery and selected metals and chemicals, which in turn will be needed in the development of chemical fertilizer industries and the production of nuclear weapons and guided missiles.

24. Prospects for resuming industrial growth are contingent on recovery in agriculture. If agriculture recovers, even to a level representing less than the per capita output attained in 1957, industrial production could be pushed rapidly for a year or two because idle capacity exists in many industries. After existing capacity is put to use, however, growth in industrial production would slow down if present goals—which stress variety and quality rather than quantity—are retained. Yet if present goals are reversed, agriculture and, possibly, popular responses, will suffer. In any event, the slogan of overtaking Great Britain in 10 to 15 years in total production of basic industrial items is now dead. Similarly, the regime has dropped its one-time goal of producing 40 million tons of crude steel by 1967, and probably would now be satisfied if it attained half that amount.

E. Foreign Trade

25. Prospects for major increases in foreign trade are poor, partly because of Peiping's heightened desire for autarky. Present evidence suggests that Sino-Soviet trade in 1963 will continue at no more than the low level of 1962. Although China plans to turn to the non-Communist world to replace some Bloc sources of machinery, such purchases probably will be selective. Moreover, because of foreign exchange stringency, the Chinese will probably seek to import technology mainly by importing prototypes, including whole plants, to be copied in China. Yet the Chinese machine building industry is too backward to undertake a rapid buildup of industrial capacity.

26. Further disruptive effects on China's economy would follow a complete Sino-Soviet break, but the Chinese could recover from this break if they were willing to pay the economic and political costs of increasing their trade with non-Bloc countries. Of the total Chinese exports to the Soviet Bloc in 1961 (\$700 million), approximately \$350-\$450 million could be sold in non-Bloc countries and another \$170 million would represent Chinese debt repayments to the USSR, no longer required. The Chinese could import from non-Bloc countries all of the chemicals and metals imported from the Soviet Bloc in 1961, and nearly all of the machinery and equipment, the POL, and the

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industrial raw materials. Japan would represent a complementary trading partner for the Chinese, although Western Europe would be a keen competitor for the Japanese. Large-scale diversion of Chinese trade from Bloc to non-Bloc countries would involve initial costs to the Chinese of developing new markets for their exports and new sources for their imports, and would require costly and time-consuming adjustments to Western specifications for most machinery imports. More important, such a diversion of trade would place restraints on Chinese foreign policy, including the subordination of political goals in trade with Japan, and the willingness to supply technical data to foreign businessmen, to accept non-Bloc technicians in China, and to send Chinese personnel outside the Bloc for training.

27. The outlook for trade with Japan is obscure, in spite of the signing of a long-term trade agreement in November 1962. Japan could be a highly profitable market for low-price, bulky minerals such as salt, magnesite, coal, and iron ore that are hard for China to sell elsewhere. But erratic and unstable political relations have discouraged potential Japanese industrial users from regarding Communist China as a source for large quantities of such products. Nevertheless, Sino-Japanese trade has been rising slowly and may continue to expand.

28. Peiping would probably wish to reserve a substantial amount of foreign exchange for future grain purchases during 1963-1965, but during this period Peiping is obligated to liquidate a Soviet trade debt of about \$500 million, and to pay nearly another \$500 million on outstanding grain credits and on existing food purchase commitments. These figures suggest little margin for an increase in imports.

F. Education and Science

29. Although it has done much to correct damaging excesses in the fields of education and science, the regime now faces the difficult and delicate task of stretching the limited resources of the intellectual community to achieve immediate production results—in such fields as the mechanization of agriculture and the modernization of weapons. At the same time training and development programs of sufficient depth and scope must be undertaken to overcome China's backwardness across a wide range of disciplines. Communist China has isolated itself from much current scientific development throughout the rest of the world, except indirectly through scientific journals.

30. Communist China's research and development effort still suffers from a very critical shortage of scientific and technical manpower in the upper levels of competence and experience. Almost as critical is the shortage of experienced scientists capable of independent research but with abilities below those of the top rank; these are the men who form the main body of researchers in a mature scientific community. On the other hand, China is much better supplied with persons trained

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as technicians and highly specialized engineers. China had a great need for such types and has used them in providing technical services to the economy, particularly in engineering development work aimed at adapting foreign designs and processes to conditions in China.

31. The total number of college graduates by itself is impressive—over one million, with nearly 600,000 in scientific and technical fields, including medicine and public health. These figures in themselves, however, are not true indicators of China's research and development capabilities because the average quality of the graduates is not high. Communist China is believed to have some 2,000 to 3,000 highly qualified scientists in research and development. Among the scientific leaders and the main body of experienced scientists and technologists, there exists a useful degree of competence in practically all scientific and engineering fields. The regime thus has the resources to assemble a team of researchers competent to attack almost any objective, but not enough to man many teams effectively at the same time.

32. The regime's new attitude toward research and training is probably producing an improved environment for research and development and should permit reasonably effective scientific and technological support during the next few years.

G. Population

33. Regardless of what approach the Chinese Communists may take to economic recovery in the next five years, the population pressure on food resources will continue to be a major underlying problem. The rate of population growth averaged an estimated 2.4 percent from 1963 through 1968, slowed down to 1.5 to 2.0 percent in recent years, and probably will rise if average diets improve. Marxist doctrine would make it awkward for the regime to push an all-out birth control campaign. Even if this were not so, Peiping may feel it could do little to control the birth rate effectively, especially in rural areas where social beliefs are hard to change and medical services are poor. Since the spring of 1962, a low-key campaign has been conducted in urban areas to encourage late marriages and family planning, but this policy will have only a negligible effect on the national birth rate within the next decade.

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ANNEX B

ORDER OF BATTLE TABLES

TABLE 1

AIR FORCES
(As of 1 April 1963)

CCAF		NUMBER	TOTAL
TYPE OF AIRCRAFT	ROLE		
FAGOT (MIG-15)	Fighter (Day)	680	—
FARMER (MIG-19)	Fighter (Day)	80	—
FRESCO (MIG-17)	Fighter (Day)	815	—
FRESCO D (MIG-17D) *	Fighter (Day)	148	1,710
BRIST (IL-10)	Ground Attack *	40	40
BAT (TU-2)	Light Bomber, piston	160	—
BEAGLE (IL-28)	Light Bomber	175	—
BULL (TU-4)	Medium Bomber, piston	15	280
OLG/OF	Transport	30	—
OAB	Transport	35	—
COACH	Transport	35	—
COLT	Transport	35	—
COOT	Transport	3	—
GRATE	Transport	45	173
TOTAL			2,313

CONAF		NUMBER	TOTAL
FAGOT	Fighter (Day)	170	—
FRESCO	Fighter (Day)	70	—
FRESCO D	Fighter (Day)	30	370
BAT	Light Bomber	5	—
BEAGLE	Light Bomber	150	155
OAB	Transport	15	—
COLT	Transport	5	—
GRATE	Transport	5	25
MADGE	Reconnaissance	10	10
TOTAL			480
TOTAL AIR FORCE PERSONNEL		52,000	

* Figures rounded to nearest five.

* FRESCO D has a limited all-weather capability.

* In addition, a unit of 30 MIG-15 (FAGOTs) is specially trained in ground attack. All FAGOT/FRESCO are adaptable to ground attack, but have poor range and load-carrying characteristics.

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TABLE 2
NAVAL FORCES
(As of 1 April 1963)

<u>SHIPS</u>			
<u>TYPE/CLASS</u>	<u>TOTAL</u>	<u>ORIGIN</u>	<u>REMARKS</u>
Old Destroyer/"GORDYY"	4	Soviet transfers	Obsolete; built in 1941.
Destroyer Escort/"REGA"	4	Chinese-built	Extensive Soviet technical and material assistance involved.
Submarine/"W"	21 or 23	Chinese-built	Extensive Soviet technical and material assistance involved. Completion of 4 units following Soviet withdrawal is believed to have been accomplished by the Chinese.
Submarine/"S-1"	4	Soviet transfers	Obsolete; built in 1941.
Submarine/"M-V"	3	Soviet transfers	Coastal submarine. Obsolete.
PATROL			
Patrol Escort/Various Classes	15	Taken over in 1949	All of WW-II (or earlier) design.
Submarine Chaser/"KROKHETADT"	25	6 units Soviet transfers; 19 units Chinese-built	Soviet aid needed for Chinese-built units.
Motor Torpedo/"T-6"	80+	Chinese-built	Soviet aid needed for Chinese-built units.
"T-4"	70+	Soviet transfers	
Fast Patrol Boat/"SHANGHAI"	12	Chinese-built	Chinese design.
Motor Gunboat	44	Chinese-built	Some Soviet components used for Chinese-built units.
MINESWEEPERS			
Fleet Minesweeper/"T-43"	14	12 Chinese-built 2 Soviet transfers	Soviet aid involved in Chinese program.
Minesweepers, Coastal (Old)	4	Taken over in 1949	US WW-II design.
Minesweeper, Auxiliary ...	20	Some Chinese-built; some taken over in 1949	Limited to in-shore minesweeping.

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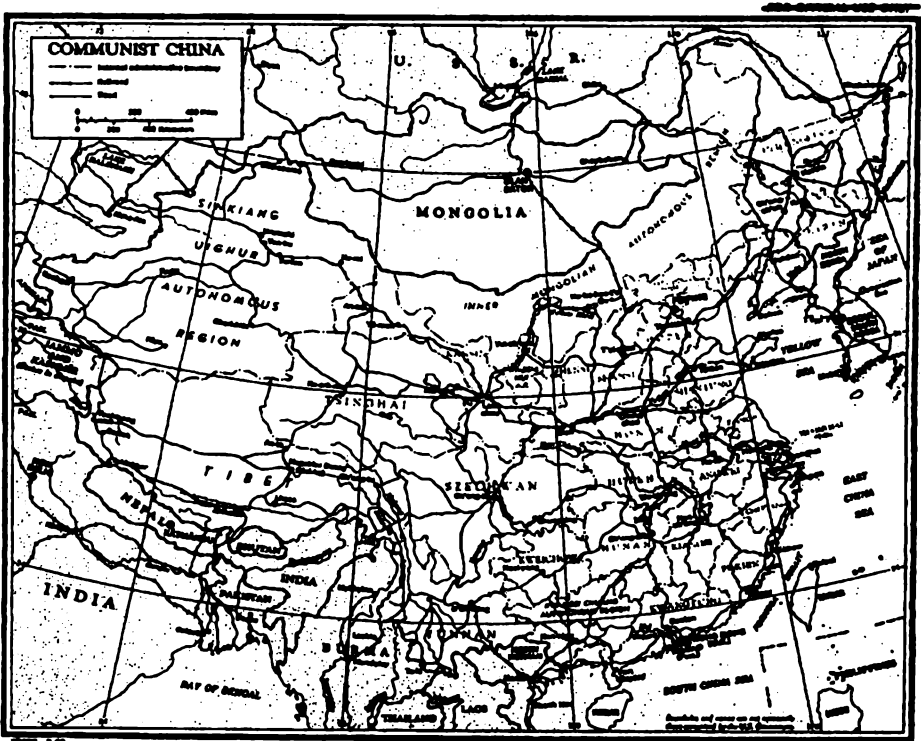
TABLE 3
GROUND FORCES
(As of 1 April 1963)

	<u>UNITS</u>	<u>ESTIMATED STRENGTH</u>
Infantry Divisions	107	60 @ 15,000 38 @ 14,000
3 infantry regiments		
1 artillery regiment		
1 tank-assault gun regiment (in 60 divisions)		
1 AA battalion		
1 AT battalion		
Principal weapons:		
34 light and medium field artillery pieces		
30 x 87/76-mm AT guns		
120 light and medium mortars		
73 light AA pieces		
23 medium tanks		
12 self-propelled assault guns		
Armored Divisions	4	@ 6,000
3 armored regiments		
1 infantry regiment		
1 artillery regiment		
Principal weapons:		
10 heavy tanks		
80 medium tanks		
14 self-propelled assault guns		
20 light and medium field artillery pieces		
12 light AA pieces		
57 light and medium mortars		
Airborne Divisions	3	@ 7,000
Cavalry Divisions	3	@ 5,000
TOTAL LINE DIVISIONS	117	
Field Artillery Divisions	12	@ 5,000
	1	@ 7,000
	1	@ 7,000
3 gun or gun-howitzer regiments		
1 AA battalion		
Principal weapons:		
108 pieces 122-mm to 160-mm		
12 light AA pieces		
Antitank Divisions	3	@ 2,400
4 antitank regiments		
94 66-mm to 100-mm AT guns		
Antiaircraft Divisions	9	various
Border Defense and Military Internal Security Divisions ..	15	@ 7,000
TOTAL GROUND FORCE PERSONNEL	2,633,000	

NOTE: The Ground Forces are organized into 34 armies and a number of independent divisions and other units.

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SECTION 21

SNIE 13-4-64

The Chances of an Imminent Chinese
Communist Nuclear Explosion

26 August 1964

APPROVED FOR RELEASE
DATE: MAY 2004

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(b) (1)
(b) (3)

SNIE 13-4-64
26 August 1964

SPECIAL NATIONAL INTELLIGENCE ESTIMATE
13-4-64

**The Chances of an Imminent
Communist Chinese Nuclear Explosion**

Handle Via

Controls Jointly

NOTE: This is the estimate as approved by the
United States Intelligence Board. No
further distribution will be made.

Submitted by the
DIRECTOR OF CENTRAL INTELLIGENCE

Concurred in by the
UNITED STATES INTELLIGENCE BOARD

As indicated overleaf
26 August 1964

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~~T-O-P S-E-C-R-E-T~~

CENTRAL INTELLIGENCE AGENCY

26 August 1964

SUBJECT: SNIE 13-4-64: THE CHANCES OF AN IMMINENT COMMUNIST CHINESE
NUCLEAR EXPLOSION

THE PROBLEM

To assess the likelihood that the advanced stage of construction at a probable nuclear test site in Western China indicates that the Chinese Communists will detonate their first nuclear device in the next few months.

CONCLUSION

On the basis of new overhead photography, we are now convinced that the previously suspect facility at Lop Nor in Western China is a nuclear test site which could be ready for use in about two months. On the other hand the weight of available evidence indicates that the Chinese will not have sufficient fissionable material for a test of a nuclear device in the next few months. Thus, the evidence does not permit a very confident estimate of the chances of a Chinese Communist nuclear detonation in the next few

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months. Clearly the possibility of such a detonation before the end of this year cannot be ruled out -- the test may occur during this period. On balance, however, we believe that it will not occur until sometime after the end of 1964.

DISCUSSION

1. Overhead photography of 6-9 August shows that the previously suspect facility near Lop Nor in Sinkiang is almost certainly a nuclear testing site. Developments at the facility include a ground scar forming about 60 percent of a circle 19,600 feet in diameter around a 325-foot tower (first seen in April 1964 photography), and work on bunkers near the tower and instrumentation sites at appropriate locations is underway.

the outward appearance and apparent rate of construction indicates that the site could be ready for a test in two months or so. The characteristics of the site suggest that it is being prepared for both diagnostic and weapon effect experiments.

2. Analysis of all available evidence on fissionable material production in China indicates -- though it does not prove -- that the Chinese will not have sufficient material for a test of a nuclear device in the next few months. The only Chinese production reactor identified to date is

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the small, air-cooled reactor at Fao-t'ou. As of September 1963,

Construction was continuing throughout the site, including some fairly substantial work around the building which houses the reactor. Photography of March 1964 indicated that major construction at the site -- including service roads,

and additional security provisions -- had apparently been completed. Thus we believe the reactor went into operation possibly in the latter part of 1963 but more probably in early 1964. We estimate that, even if no major obstacles were encountered, it would take at least 18 months, and more likely two years, after the starting up of the Fao-t'ou reactor before a nuclear device would be ready for testing. Thus, if the Fao-t'ou reactor started operation no earlier than late 1963 and if it is China's only operating production reactor, the earliest possible date for testing is mid-1965.

3. It is, of course, possible that the Chinese have another source of fissionable material. Such a facility might have been started with Soviet aid as a result of the 1957 Soviet-Chinese aid agreement, probably about the same time as the Lanzhou gaseous diffusion building. We would expect this reactor to be a fairly large water-cooled production reactor. There are areas, particularly parts of Szechwan, which are suitable for such a reactor and have not been photographed. Since it is doubtful that

- 3 -

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a reactor of this type could have been finished before the withdrawal of Soviet technicians in 1960, its completion would have depended on a native Chinese effort, a difficult but not impossible task. Such a reactor might have started operations in 1962 or 1963, thus making available sufficient plutonium for a test by the end of this year.

4. On the other hand we have photographed much of the area around virtually all locations where A-E activity is indicated

and about half of all locations that might be geographically suitable for reactor sites. Apart from Fao-t'ou, no operating production reactor or isotope separation plant has been found. We believe it unlikely -- though clearly not impossible -- that such an operating facility exists.

5. It is also possible that the Chinese may have acquired fissionable material from a foreign source, e.g.,

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As for the Soviets, we do not believe that in the past they have transferred appreciable amounts of weapon-grade material to the Chinese. In the current state of their relations with the Chinese, they would almost certainly not furnish fissionable materials to them.

6. Obviously, it is incongruous to bring a test site to a state of readiness described in paragraph 1 without having a device nearly ready for testing. It would be technically undesirable to install much of the instrumentation more than a few weeks before the actual test. We cannot tell from available photography whether the installations have yet reached this point -- it seems unlikely that they have, mainly because some heavy construction is still going on. However, it is possible that the basic work will soon be completed, and that final preparations could be made this fall.

7. On the other hand, in such a complex undertaking as advanced weapons development -- especially when it is almost certain that there is heavy political pressure for at least some results -- it would not be surprising if there were uneven progress among various phases of the program. In a number of instances in the past, Peiping has been unable to prevent -- and has seemed willing to tolerate -- uneven development in various important programs. Indeed, in other parts of their advanced weapons program we have already observed this. Some facilities seem to be behind schedule -- notably the incomplete gaseous diffusion plant at Lanzhou; others are

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larger and more elaborate than present Chinese capabilities warrant -- for example, the possible nuclear weapons complex near Koko Nor.

8. As for the test site itself, Lop Nor is extremely remote, with poor transportation and communication facilities, and we might expect to see the Chinese taking a long leadtime in preparing this installation. They have relatively few men with the necessary scientific competence and and they cannot be fully confident that unexpected difficulties will not appear. We believe the Chinese would do everything in their power to prevent a last minute hitch on the testing facility from delaying, even briefly, China's advent as a nuclear "power."

9. The evidence and argument reviewed above do not permit a very confident estimate of the chances of a Chinese Communist nuclear detonation in the next few months. Clearly the possibility of such a detonation before the end of this year cannot be ruled out -- the test may occur during this period. On balance, however, we believe that it will not occur until some-time after the end of 1964.*

* SNIE 13-2-64, "Communist China's Advanced Weapons Program," scheduled for October 1964, will address all aspects of the Chinese program.

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SECTION 22

NIE 13-9-65

Communist China's Foreign Policy

5 May 1965

APPROVED FOR RELEASE
DATE: MAY 2004

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NIE 13-9-65
5 May 1965

(b) (3)

NATIONAL INTELLIGENCE ESTIMATE
NUMBER 13-9-65

Communist China's Foreign Policy

Submitted by the
DIRECTOR OF CENTRAL INTELLIGENCE
Concurred in by the
UNITED STATES INTELLIGENCE BOARD
As indicated overleaf
5 MAY 1965

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Nº 584

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APPROVED FOR RELEASE
DATE: MAY 2004

COMMUNIST CHINA'S FOREIGN POLICY

THE PROBLEM

To analyze the principles and forces which shape the formulation and conduct of Communist China's foreign policy and to estimate the probable course of that policy over the next two or three years.

CONCLUSIONS

A. We believe that the principal aims of Chinese Communist foreign policy over the next few years will be as follows: (a) to eject the West, especially the US, from Asia and to diminish US and Western influence throughout the world; (b) to increase the influence of Communist China in Asia; (c) to increase the influence of Communist China throughout the underdeveloped areas of the world; (d) and to supplant the influence of the USSR in the world at large, especially in the presently disunited Communist movement. (*Para. 1*)

B. These objectives, and the method and style with which they are pursued, are shaped by ideology, by Chinese tradition, by the apparatus of power which the present Chinese Communist leaders can bring to bear to achieve their ends, and by the personalities and experience of these leaders. As a result, their foreign policy in some ways resembles an international guerrilla struggle which attempts to wear down the enemy's strength by attacking the weak points. (*Paras. 2-10*)

C. For both ideological and nationalistic reasons, China regards the US as its primary enemy. Peiping's immediate security interest and the short reach of its military power lead it to concentrate its main foreign policy efforts on undermining the US position in the Far East, though in other parts of the world the Chinese Communists are also using such means as they have to weaken the US. Among other "capitalistic" nations, which Peiping sees as in some sense victims of

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US exploitation, Peiping tries simultaneously to build up recognition of China as a major power and to weaken the US position of leadership. (Paras. 17-20)

D. The USSR has come increasingly to rival the US as a dominant problem for Chinese foreign policy. China recognizes the USSR as a pioneer Communist nation and as the most powerful member of the Communist camp. Yet nationalistic and ideological factors join to create a strong enmity. The Chinese leaders will continue to seek the overthrow of the present Soviet leadership, but without great hope of seeing the emergence of new men who would follow the Peiping line. Elsewhere in the Communist world, Peiping will seek to dilute or supplant Soviet influence and to win over or split Communist parties and front movements. (Paras. 21-24)

E. Peiping has chosen the underdeveloped, ex-colonial world as its most advantageous arena of conflict. In this "Third World," the Chinese not only aim to erode US strength but to displace Soviet influence; they seek to establish themselves as the champions and mentors of the underdeveloped nations. The greatest impact of Peiping's policy is felt in Southeast Asia. The theater of primary interest is Indochina, where Peiping is seeking a decisive and humiliating defeat of the US. To date, the Chinese leaders have not made risky countermoves to the limited US attacks in North Vietnam, and they almost certainly seek to avoid a wider war. Nevertheless, they have been making preparations for at least limited engagement, and we believe that they would be prepared to risk a major military conflict with the US should they feel China's vital security interests threatened by US actions. (Paras. 25-28)

F. In the rest of Southeast Asia, unless the situation alters sharply, Peiping is likely to support policies designed to maintain and increase pressure against the US. Peiping seems to look on Africa as a second great area of opportunity and is likely to increase both its overt and subversive efforts on that continent. (Paras. 29-33)

G. As long as the present group of leaders remains in control, which is likely to be well beyond the period of this estimate, Peiping's dynamic and aggressive attitudes will persist. Moreover, though we have little information concerning the next generation of leaders, there are many reasons to believe that China's foreign policy will be assertive and uncompromising for a long time to come. (Para. 39)

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DISCUSSION

I. THE BASES OF CHINESE COMMUNIST FOREIGN POLICY

1. The ultimate aim of Chinese Communist foreign policy is to establish a Communist world according to Peiping's militant revolutionary brand of Marxism-Leninism. But this is a distant objective; it is more a hope and a faith than an end or aim of immediate action. The more immediate aims seem to us to be as follows: (a) to eject the West, especially the US, from Asia and to diminish US and Western influence throughout the world; (b) to increase the influence of Communist China in Asia; (c) to increase the influence of Communist China throughout the underdeveloped areas of the world; (d) and to supplant the influence of the USSR in the world at large, especially in the presently disunited Communist movement.

2. These objectives, and the method and style with which they are pursued, are shaped by ideology, by Chinese tradition, by the apparatus of power which the present Chinese Communist leaders can bring to bear to achieve their ends, and by the personalities and experience of these leaders. In the following paragraphs we discuss these basic factors in more detail.

3. The Chinese leaders are dedicated, even fanatic, Communists. Belief in the righteousness of their cause, the correctness of their doctrine, and the certainty of eventual victory sustained them through the arduous and bloody 29-year struggle which brought them to control of the vast land and population of mainland China. Subsequent successes in consolidating their power at home, gaining a stalemate in Korea, challenging the USSR for leadership of the Communist movement, and humiliating India in the brief frontier hostilities of 1962 have further heightened their faith in the soundness of their interpretation of Communist doctrine. Although they have suffered a number of serious setbacks along the way, they believe that as long as these principles are correctly interpreted and applied, China can be confident of eventually gaining its long-range goal of a Communist world with its center in Peiping. This doctrinal faith gives a messianic cast to Communist China's foreign policy and provides it with great drive and staying power.

4. Peiping's world view is in large part shaped by Communist doctrine, which provides the framework for its appreciation of specific international situations. Communist ideology also influences its tactics and provides it with a particularly effective instrument for propaganda and subversion—especially important foreign policy tools for a nation which is not materially powerful on the world scene.

5. The Chinese part of the calculus brings in psychological, cultural, historic, and geopolitical factors which make Chinese Communist foreign policy a quite different thing from, say, Soviet or Polish Communist foreign policy. The Chinese leaders look back on at least three thousand years of cultural heritage. They have a strong sense of the centrality of their nation, history, and culture,

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and this feeling generates an arrogant and patronizing attitude toward other nations and peoples. It also makes them highly sensitive to any real or fancied slights or disrespect. Those characteristics, already visible in China's contacts with European "barbarians" in the 18th century, were intensified by the subsequent course of those relations. The imposition of foreign enclaves, spheres of influence, and extraterritoriality in the 19th and early 20th centuries has left scars and has led the Chinese to class themselves among the victims of colonialism and racial exploitation.

6. Peiping's policy is also shaped by what the Communists call "objective circumstances." One of these circumstances is that China is a materially underdeveloped country. Its armed forces cannot reach far beyond China's boundaries nor can they conduct the kind of technologically advanced warfare of which the US and the USSR are capable; hence China poses a direct military threat only in nearby parts of Asia. China is dependent on imports of equipment and techniques to modernize rapidly its economy and industrial technology; the virtual termination of Soviet cooperation in 1960 necessitated increased contacts with Western Europe and Japan to this end. China's agriculture has proved insufficient to feed a vast and expanding population, and this has forced Peiping to make extensive purchases of grain abroad. On the other hand, the very magnitude of China's population encourages Peiping's aspiration to become a dominant world power and enables the regime to accept manpower losses with limited qualms. This, along with the geographic size of the country, makes the Chinese leaders believe that China could, if necessary, absorb a tremendous amount of military punishment and, in the long run, still envelop and defeat an invading enemy. They have even issued optimistic statements about their ability to survive a nuclear attack.

7. The unique experience of the Chinese Communist Party (CCP) in fighting its way to power in over two decades of guerrilla warfare against vast odds has strongly conditioned the thinking of the Chinese leaders. Mao Tse-tung and his veteran colleagues have so adapted communism to reflect Chinese experience that in practice the Chinese and Communist ingredients are thoroughly mingled. To a considerable extent then, Peiping's foreign policy is a projection into the world arena of the principles and concepts developed in the prosecution of China's long civil war. Indeed, Communist China's foreign policy is primarily a strategy for revolutionary war. That is, it apparently is conceived in terms of conflict rather than of adjusting relations with other states by negotiations; revolutionary wars against those who align themselves with China's opponents are encouraged and supported; and any compromise or concession, except those made expedient by some tactical situation, is viewed as surrender. International politics is viewed as a great guerrilla struggle in which the opponent is to be constantly harassed and threatened.

8. The Chinese Communists have amply demonstrated their ability to concentrate on long-range goals in the face of seemingly hopeless odds and often at the expense of short-term gains. At the end of their Long March, when their forces had dwindled from over 300,000 to about 25,000, they kept working

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toward the day when they would control all China. They emphasized the concept of protracted struggle, holding that a unified and determined group following correct principles could in time wear down a divided and less dedicated enemy, no matter how great his initial superiority. They believe that a succession of defeats inflicted at points of enemy weakness will gradually erode his strength and eventually reduce him to absolute inferiority. This policy of patience and long-range perspective reflects both Communist and traditional Chinese ways of thinking.

9. An important concept which helps sustain the Chinese will in the face of indefinitely protracted struggle is expressed in Mao's admonition to have contempt for the enemy strategically but to respect him tactically. This means that the weaker force must have complete confidence in ultimate victory—it must have contempt for the will and staying power of the enemy. But in all actual engagements with the enemy on the road to that ultimate victory, the weaker force must be constantly conscious of the immediately superior strength of the enemy. Following this line, Peiping's foreign policy has grasped and dangerous ambitions but is almost always cautious and realistic in practice.

10. The Chinese leaders acquired their present power through decades of violence, which leads them to lay great stress on the efficacy and necessity of using violence in pursuit of national aims. They feel that it is ineffective to modify the present world order; it must be destroyed and replaced by a Communist (Chinese-style) world order. Mao has said: "All power flows from the barrel of a gun." Having no stake in either the Western or Soviet systems of world order, the Chinese are relatively free to encourage and exploit chaos wherever they are able to do so. So far, they have not been able to organize much of the world on their pattern. This leaves them with limited responsibilities, free to pursue a guerrilla offensive—sniping, harassing, and exploiting the difficulties of those who defend the *status quo*. They are in the position of political "outs" attacking the "ins," blaming them for all the evils of a very imperfect world.

11. The Chinese Communist leaders view the nations of the world as falling into three groups: the Communist world, comprising China and the other Communist states; the capitalist world, comprising the US, Western Europe, the white nations of the British Commonwealth, and Japan; and the Third World, comprising the underdeveloped, ex-colonial, mostly nonwhite nations of Asia, Africa, and Latin America. Eschewing traditional balance-of-power politics, Peiping has chosen to challenge the US and USSR simultaneously. Out of respect for their greatly superior material strength, Peiping strives to avoid a head-on military confrontation with either of them, choosing rather the Third World as its primary arena of contention. This also reflects a concept developed in the Chinese civil war, when the Communists conducted their struggle in the underdeveloped countryside rather than in the cities.

12. In the Third World, Peiping uses the full gamut of foreign policy instruments, selecting and mixing them according to local circumstances. The Chinese

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apparently place particular hope on the use of insurgency in this arena, holding that it is there rather than in the advanced capitalist countries that significant revolutionary pressures can be generated under present conditions. They try to promote and assist local "wars of liberation" wherever practicable. The Chinese have raised Mao's concept of guerrilla warfare to the level of a "law" of the process of world revolution.

13. The especial virtue of this method is that it can usually be pursued at low cost and little risk to Communist China. It uses local manpower and, as far as possible, local or captured equipment. Peking provides training, advice, a limited amount of material, and massive propaganda support. With a small investment, Peking has caused great trouble to anti-Communist forces in Africa and in Southeast Asia. The Chinese role in the Congo has been such that, should the insurrection there collapse, Peking could disengage with little loss. In Vietnam, a number of other factors, including geographic proximity come into play, and the risks to Peking are much greater.

14. As a totalitarian nation, Communist China pursues a total foreign policy; every act is seen as a political act. At the same time, it remains acutely aware of the pluralistic nature of most nations and uses its policy instruments selectively against different targets within each country. Diplomacy, trade and aid, propaganda in many forms, subversion, insurrection, the implied threat of military force, the spectre of approaching nuclear weapons capabilities—all these are used simultaneously and in varying proportions as deemed appropriate. Propaganda is an instrument particularly congenial to the evangelistic nature of Chinese communism, and it is suitable to a nation whose material power is limited. The Chinese use it with great skill. As one example, their ability to turn out a spectacular reception for visiting dignitaries, including masses of apparently enthusiastic people lining the streets, has had a marked effect on even so sophisticated a guest as Pakistan's Ayub Khan. Every Chinese who travels outside the country, from the urbane and subtle Chou En-lai to the lowliest acrobat, is an active agent of Peking's propaganda.

15. In the employment of its various means of advancing its foreign policy, Peking is generally flexible, practical, and opportunistic. Although the influence of the socio-economic theories of communism may occasionally lead the Chinese Communists to misread a particular situation, they do not let these theories seriously inhibit their choice of means for implementing their policies. Guided by the Communist operational code that the end justifies the means, they readily employ tactics which violate particular Communist theories, as in their implicit promotion of racial prejudice against the whites—even Communist Russians.

16. By pursuing its foreign policy persistently and energetically, Communist China has had much more impact on the world than its military and economic power would seem to justify. Both Washington and Moscow are focusing much of their attention on their various problems with Peking. This results less from the potency of Chinese policy than from the peculiar vulnerability of the

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international order in present circumstances. The rapid dissolution of colonial empires in Africa and Asia has left a political vacuum, marked by uncertain and shifting national alignments and chronic instability. The new nations with their weak, inexperienced governments are highly vulnerable to Peiping's line. With large expectations and small capabilities, their people are frustrated by the *status quo* and naturally inclined to blame their woes on such external factors as colonialist exploitation and racial domination. It is not too hard to sell them radical "solutions" to their problems. And not least important is that in a war-torn world, troublemakers who want to upset the existing order can get by with a great deal, not because of their wisdom or strength, b. ' because of the reluctance of others to take up the challenge.

II. POLICY TOWARD THE CAPITALIST WORLD

17. Ideological and nationalistic compulsions converge to make the US Communist China's primary enemy. According to Communist doctrine, the US, as the leading "capitalist imperialist" power, is the devil which must be destroyed to demonstrate the correctness of Communist doctrine and to clear the way for Communist progress. From the point of view of Chinese nationalism, the US is the power which frustrates completion of the unification of China and blocks Chinese ambitions in Southeast Asia. The US presence in the Western Pacific appears to the Chinese Communists as the major military threat to their security. If China is to dominate the Far East, it must reduce and eventually eliminate US strength in the area.

18. Communist China's immediate security interests and the short reach of its military power lead Peiping to concentrate its main foreign policy efforts on changing the balance of forces in the Far East. It works unrelentingly to stir up anti-American feeling among other Far Eastern peoples and to undermine US alliances and military base agreements. It expects in time to force the US to abandon Taiwan. At the moment, however, Peiping's policies are undergoing their most violent and dangerous test in Vietnam.

19. In other parts of the world, the Chinese Communists are using whatever means they can to weaken the US. Their aim is to foster and support anti-imperialist revolution where practicable, as a means of scattering and draining US strength and establishing the US in the eyes of Asians, Africans, and Latin Americans as the white imperialist oppressor.

20. The rest of the so-called capitalist world is seen by Peiping as an intermediate zone comprised of countries which, while capitalist themselves, are also victims of US exploitation. Among these nations, Peiping tries simultaneously to build up China's position as a recognized power and to weaken the US position of leadership. Peiping has been quick to exploit and to encourage French actions disruptive of Western unity. The Chinese have played upon Western European interest in trade opportunities by sending wide-ranging purchasing missions which have aroused expectations far in excess of China's

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actual ability to buy. Competition for this new market leads Western and Japanese industrialists to pressure their governments for improved relations with Peiping.

III. POLICY TOWARD THE COMMUNIST WORLD

21. In recent years, the Soviet Union has come increasingly to rival the US as a dominant problem in Chinese foreign policy. In this case, too, nationalistic and ideological factors join to create strong enmity. Peiping now sees Moscow as a rival for leadership of the world Communist movement, as a dangerously degenerate force which threatens to lead the movement into a revisionist, neo-bourgeois dead-end, and as an unfaithful ally who refuses to lend proper support to legitimate Chinese objectives. The Chinese leaders are also well imbued with traditional anti-Russian feeling; they are acutely conscious of Tsarist territorial grabs, resentful of numerous indignities perpetrated by the Communist Russians, nervously aware of their long common boundary, and on guard against Russian subversion of China's border tribes. The bitter rivalry with the USSR sometimes diverts Chinese energies from their focus on the US, but often the same course of action can serve both anti-US and anti-Soviet ends, as it does in Vietnam. We believe that, unless a major international war breaks out, Peiping will continue its attacks on Soviet leadership beyond the period of this estimate.

22. Nonetheless, Peiping's attitude toward the Soviet Union is somewhat ambivalent. The USSR is recognized as the pioneer Communist nation and the most powerful member of the Communist camp. The Chinese regret that it is being led astray by revisionists and still hope that some day it will be run by men who will use Soviet power to support the Chinese line on world Communist policy. They also cherish the great strength inherent in an undivided world Communist movement. Yet the tactics they employ to undermine the present Soviet leadership tend to split and weaken the movement. The matter is further complicated by the fact that the nationalistic aspects of China's anti-Soviet feeling are directed at the Soviet state and people, not just the leaders.

23. The Chinese attack on Soviet leadership is conducted throughout the world and at all levels. Since at least 1960, the Chinese have striven with their limited assets to promote the overthrow of the Soviet leadership. They probably believe that they played a large part in the downfall of Khrushchev, and they probably do not expect Brezhnev and Kosygin to last long. It is unlikely, however, that they expect soon to see the USSR taken over by Soviet leaders who would follow the Peiping line. Within the Bloc, they encourage independence like that of Rumania and, where possible, defection to the Chinese side, as by Albania. In some non-Communist countries, e.g., Japan and New Zealand, they have captured the local Communist party; in others they are promoting party splits.

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24. In Communist front movements, such as the World Federation of Trade Unions, they try to capture the leadership and swing the organization behind China's militant policies. They have had considerable success in limiting or barring Soviet participation in various Afro-Asian organizations and conferences. For the foreseeable future they are likely to continue their campaign to replace Soviet leadership in leftist movements throughout the world.

IV. POLICY TOWARD THE THIRD WORLD

25. "Asia, Africa, and Latin America" is a phrase which occurs with monotonous frequency, not only in Peiping's propaganda, but in its theoretical journals and domestic indoctrination programs. The Chinese leaders claim that the underdeveloped nations on these three continents represent three-fifths of the world and they reason that by getting most of these nations to follow the Chinese line Peiping can assure the eventual achievement of its goals. In this Third World, the Chinese not only aim to erode US strength, but to displace Soviet leadership of leftist movements; they also take up popular causes in the area and try to establish themselves as the champions and mentors of the underdeveloped nations. Seeking the broadest common denominator, Peiping avoids emphasis on formal communism and instead stresses anti-imperialism, national liberation, and less openly, anti-white feeling.

26. The greatest impact of Peiping's policy, as might be expected, is felt in nearby parts of Asia, and the theater of primary interest at present is Vietnam. Although Peiping is undoubtedly very much interested in adding South Vietnam to the Asian Communist bloc, it is probably even more concerned about how developments in Vietnam affect Peiping's struggles against Washington and Moscow. Indeed, many North Vietnamese leaders almost certainly have doubts that Peiping's policies are consistently in Hanoi's best interest.

27. Peiping sees the Vietnam struggle as an opportunity to demonstrate to all doubters the correctness of its line that the US is a "paper tiger," and that a properly conducted "war of liberation" can be brought to a successful conclusion, in spite of US opposition, without bringing on a major international war. Peiping now appears to be seeking a decisive and humiliating defeat of the US. If a Communist victory could be brought off in South Vietnam in the face of US military power, Peiping would have made a major advance in world affairs. The Chinese line in the Communist dispute would be vindicated, Soviet pretensions to leadership of the world movement would be discredited, US capability to counter local guerrilla insurrections would be placed in doubt throughout the world, and US prestige seriously damaged. Peiping's arrogance and aggressiveness would increase, while its efforts to take over leadership in the Communist movement and in the Third World would be greatly advanced. Communist failure to achieve their objectives in South Vietnam, on the other hand, would tend to discredit the Chinese before other Communists and in the Third World and to check their momentum in world affairs. Thus, to the Chinese leaders the present struggle involves vastly greater stakes than the control of South Vietnam.

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28. Peiping also is almost certainly anxious to avoid escalation of the Vietnamese struggle into a major Sino-US war, which might destroy China's painfully acquired industrial and advanced weapons facilities and prove the Chinese line on world Communist policy to have been dangerously wrong. While the Chinese may be quite confident that a wider war can be avoided, they have been making preparations for the possibility of at least a limited engagement growing out of US attacks against North Vietnam. To date, they have not made risky countermoves to the limited US air strikes in central North Vietnam. Nevertheless, we believe that the Chinese leaders would be prepared to risk a major military conflict with the US should they feel their vital security interests threatened by US actions. The Communists almost certainly feel that the tide is running strongly in their favor in South Vietnam. They therefore are almost certainly giving the Viet Cong and North Vietnam every encouragement to hold on in the face of US bombings and to sustain or step up their pressures in the South. In the meantime, they will continue to do what they can to maximize international and US domestic pressures for cessation of US bombings and for US withdrawal from Vietnam.

29. In the rest of Southeast Asia, unless the situation alters sharply, Peiping is likely to continue its current policies. It will continue to support Indonesia's aggressive, anti-Western policies while seeking to control the costs and risks to Communist China. It will also support the growth in power of the Peiping-oriented Indonesian Communist Party. In the Indonesia-Malaysia confrontation, Peiping sees the prospect of a conflict which could further undermine the US-UK position in the area at little or no cost to China. The Chinese will continue trying to pressure Thailand; they will encourage increased dissident activity and from time to time issue threats and warnings. They also will probably continue their guarded tolerance of Ne Win's regime in Burma. Peiping will encourage Prince Sihanouk's anti-US activities but probably will stop short of any firm commitments which might involve it too deeply. In the Philippines, Peiping will continue its efforts to promote leftward trends and anti-Americanism, but probably without notable success.

30. In northeast Asia, the important target is prosperous, capitalist Japan. Peiping takes a long view and is prepared to go a step at a time toward the distant goal of a Communist Japan. During the next few months, the stress will be on disrupting Japan's relations with the Republic of China on Taiwan by such tactics as insisting on Japanese Government guarantees on loans for major Communist Chinese purchases. Peiping will support and sharpen nationalist and leftist demands for termination of the US-Japan defense treaty and removal of US military bases from Japan and Okinawa, but with little prospect of success during the period of this estimate. Peiping will continue to be the dominant influence on the Japanese Communist Party and will keep striving to increase its influence in the Socialist Party and other leftist groups and to sow dissension within the ruling Liberal Democratic Party.

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31. In South Asia, China will continue to woo Pakistan and to play upon Pakistan's fear of India and the effects of US military aid to India. It will carry on its feud with India but probably will not initiate hostilities. It may encourage the leftwing Communists in India to increase their anti-government activity, and, perhaps, turn to violence. Against the small Himalayan states, which form an outer zone for India, it will continue its steady pressures in order to draw them under increasing Communist influence. Peiping, which had considerable influence in the Bandaranaike government in Ceylon, will probably promote strikes and other forms of resistance to the new government of Dudley Senanayake.

32. In Peiping's view, Africa is the second great area of opportunity. Considering that Peiping's serious bid for significant influence there is only two or three years old, its impact has been remarkable. This is in large part a function of the great vulnerability of the area; nonetheless, Peiping's flexibility in replotting widely varied opportunities is noteworthy. In some countries, such as Congo (Brazzaville) and, until recently, Burundi, it used bribery to great advantage. In others, it has used economic aid, managing to get considerable political mileage out of its offers. China has made these offers on a no-strings basis, some in the form of grants but most in the form of credits on comparatively generous terms. Although Peiping's military aid is largely clandestine, it is known to be supplying arms to active or potential revolutionaries in several African nations, including the Congo (Leopoldville) and Mozambique.

33. Peiping has succeeded in winning recognition from many of the new African nations and will continue its efforts to win over others. Substantial African support exists for a UN seat for Communist China. Where Peiping has embassies, it uses overt diplomacy with some success. Exchange visits of national leaders have proved effective. Premier Chou En-lai has visited Africa twice in the past year, and a number of African leaders have been flattered with spectacular receptions in Peiping. Communist China subsidizes several African journals and floods the continent with Chinese propaganda literature. Africans are brought to China for training in subversion and guerrilla warfare. A few others are subsidized for study at Chinese universities. The student program has had spotty success, with many of the African students returning disillusioned and anti-Chinese. During the next few years, Peiping is likely to increase its efforts in Africa substantially.

34. In Latin America, Peiping will also seek to cause trouble for the US. It will probably also seek to improve relations with some existing Latin American governments, particularly if this involves a worsening of relations between them and the US. In general, however, Peiping faces a more stable social order in Latin America than in Africa, and there will be fewer openings to exploit. In further contrast, most Latin American countries already have long-established Communist parties with ties to Moscow; the focus of Peiping's effort among

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these parties will probably be to gain footholds, to try to subvert them from Moscow where possible, and to foster splinter parties where it cannot—as it has already done in Peru, Ecuador, and Brazil. Peking will also continue present efforts to increase its influence in Argentina's Peronista movement. Sino-Cuban relations appear to have deteriorated sharply in the last few months. If this trend continues, Peking's Latin American program may be impeded by Castro's opposition.

V. POLICY TOWARD INTERNATIONAL ORGANIZATIONS

35. The UN at once attracts and repels the Chinese Communists. They feel a mission to occupy China's seat as one of the big five in the UN. They will continue to seek international support for their membership, partly as a matter of prestige, and partly to create problems for the US. However, they still bitterly resent the UN effort against them in Korea and are stung by the annual humiliation of being rejected for membership. They particularly object to the UN's peacekeeping activities, which they consider are performed at the behest of the US and which are aimed at damping down the very kind of disorders the Chinese wish to promote.

36. Peking sees its fundamental interest not in being a part of an increasingly effective UN, which has no part in the Chinese Communist long-range world view, but in using the UN in the short run and eventually destroying it. It is clearly not prepared to pay a price for admission. On the contrary, it asks a price—the expulsion of Nationalist China—for joining. The Chinese Communist leaders feel that, although they can continue to get along outside the UN, the UN will be hard pressed to function as a world organization while a nuclear power controlling nearly one-quarter of the world's population remains outside. The recent addition of Indonesia's 105 million people to China's group of outsiders—a move Peking applauded—doubtless strengthens this confidence.

37. The Chinese Communist leaders view international conferences on nuclear disarmament with similar cynicism. While they appreciate that total nuclear disarmament would greatly reduce the gap between Chinese and US military potential, they also realize that such disarmament is highly unlikely in the next few years (they would almost certainly refuse to accept meaningful inspection of their own facilities). Thus their propaganda support of complete nuclear disarmament is no more than a means of winning credit with the neutralists and have-nots who want to see US and Soviet stockpiles destroyed.

38. A significant, longer term gambit which the Chinese may be undertaking is a sort of extortion aimed at ending US protection of Taiwan. They have hinted that they may refuse to enter any agreement for the renunciation of nuclear weapons while the US stands between them and the "recovery" of the island. They hope thus to marshal increasing pressure against the US position and to weaken Taiwan's defense.

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VI. LONG-RANGE PROSPECTS

38. As long as the present group of hard-line, Long-March veterans remains in control of Communist China, which is likely to be well beyond the period of this estimate, Peking's dynamic, aggressive policies will be continued, possibly even accelerated. How the succeeding generation of leaders will act is uncertain, as we know little about them. Their lack of experience in the outside world, however, and their many years of one-sided indoctrination do not give much promise of a favorable change. Furthermore, there are no short-range solutions for China's food and population problems, and such psychological factors as the arrogance arising from the Chinese sense of superiority as a people and as the guardians of "true" communism will inhibit the development of a spirit of cooperation and compromise for a long time to come.

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SECTION 23

NIE 13-7-65

Political Problems and Prospects
in Communist China

5 August 1965

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Communist China**

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5 AUGUST 1965

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POLITICAL PROBLEMS AND PROSPECTS IN COMMUNIST CHINA

THE PROBLEM

To analyze Communist China's most significant political problems and to estimate its political character over the next few years.

CONCLUSIONS

A. The dedicated, narrowly doctrinaire men who rule China initially gained the support of the Chinese people by swiftly unifying a country in chaos. But their adventurist "Great Leap Forward" program failed disastrously, substantially reducing popular faith in the leadership and popular support of its programs. Despite their failures, the dwindling group of elderly leaders remain determined to carry through political and social programs that will produce a modernized China, and a "new Communist man."

B. This policy is the work of a remarkably small and stable group of men. Mao and his lieutenants have, over the past three decades, avoided major internal schisms and refused to admit younger blood into their ranks. In recent years the leadership has turned inward upon itself; it has virtually dispensed with formal party meetings and congresses while cloaking its operations in ever greater secrecy.

C. The party can exact obedience and compliance, but, despite its recurrent campaigns, the people attempt to improve their material lot and to avoid politics. These attitudes have widely infected the lower levels of the party apparatus as well. The regime is currently engaged in massive campaigns to "reform" or weed out errant party cadres and to "educate" the people to accept the regime's collectivist programs. It has announced that it will launch another production up-

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surge, but this is likely to differ significantly from the ill-fated Great Leap Forward. The outlook is for increased tensions.

D. Mao is 71, and most of his dozen or so closest lieutenants are in their 60s. Mao's departure probably will not split the leadership, and policy is likely to continue along present doctrinaire lines. His successors will not have Mao's authority, however, and this may in time open the door to the growth of factionalism inside the party.

E. Mao's lieutenants will be succeeded in their turn by a generation of party veterans, now in their 50s. Although these men give no evidence of a broader, more moderate viewpoint, they will have to deal with a host of accumulated pressures and may perforce be more flexible and pragmatic. At least for the next several years, however, political and social problems within China are unlikely to prevent economic and military development or to force a softening of Chinese foreign policy.

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DISCUSSION

I. THE LEADERSHIP

1. Mao Tse-tung has guided the fortunes of Chinese communism for more than a generation. During this time he has survived at least two factional challenges and has purged or set aside a number of his lieutenants. Nevertheless, the inner circle of 10 or 15 leaders has been fairly stable. This group is now, through age, nearing the end of the road. Mao Tse-tung himself, who is 71, is clearly declining in vigor and may be seriously ill; almost all the others appear to have medical problems, if only those incidental to advancing age. The average age of the Politburo is 65 and that of the Central Committee is 61. Since 1968, when changes in the 185-member Central Committee were last made, 15 members have died. About one-third of the remainder seem to be either in disfavor or inactive due to age or health. These losses have not been replaced.

2. The narrowing of the leadership base has been accompanied by a tendency to conduct party affairs with greater secrecy. For example, minimal publicity has been given to the operations and staffing of the party's six regional bureaus, a major alteration in the party apparatus undertaken in 1960. The regime apparently has a growing preference for *ad hoc* deliberations of the few top leaders rather than formal meetings. Under the provisions of the party constitution, a party congress, which would establish a new central committee, has been overdue since 1961. Thus a widening disparity between the formalities of party organization and the realities of power has developed, while the role and influence of those directly in charge of the party apparatus have grown.

3. The exigencies of the Sino-Soviet dispute probably explain some of this behavior. It is likely that some of those who are in disfavor opposed splitting with Moscow, while the position of those advocating a hard, unyielding line toward Moscow has probably been enhanced. By not formally dismissing and replacing the dissenters, Mao has preserved a monolithic front and denied the Soviets a polemical opening.

4. Mao is fearful and suspicious that future leaders, untempered by war and revolutionary strife, will falter in the struggle. There are indications that he is increasingly sensitive to criticism, and more and more concerned for personal loyalty to himself. Even senior party leaders, who once spoke with some originality, are now inclined to repeat chapter and verse from Mao's statements and the party line. The "cult of Mao" also serves to sanctify him and his writings in such fashion as to discourage future deviation from his policies. However, the cult has reached such levels as to suggest that Mao's egotism is becoming as overbearing as Stalin's in his last years. At any rate, in Mao's efforts to get the "revolution" as he envisions it back on the track, he seems to be increasingly inflexible and arbitrary and shows a tendency to look back upon his years as a guerrilla leader for methods of coping with modern-day problems.

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5. Since the purge of Defense Minister Peng Teh-hsi and his sympathizers in 1959, there has been little direct evidence of dissension in the inner circle, although there have been some interesting signs of maneuvering for position. We are still unable to identify with confidence any cliques or factions within leadership circles. Yet common sense and the past history of the party persuade us that personal antipathies and rivalries exist. Friendships and associations based on regional origin, early party experience, and wartime service, as well as differences over policy, all tend to divide such a collection of men into groupings.

6. Since the establishment of the Communist regime, individual party leaders have tended to concentrate on one or two major areas of activity—party, or central government, or military affairs—and may tend to represent the special interests of these areas. There have been occasional reports of rivalry between party organizations and government ministries in Peking, with Liu Shao-chi, Mao's heir apparent, and Chou En-lai generally regarded as the respective champions of these two groups. Over the years, Liu, party secretary-general Teng Hsiao-ping, and Politburo member Peng Chen have been advocates of a militant domestic line and have vigorously pushed Peking's quarrel with Moscow, while Chou and Foreign Minister Chen Yi seem to be somewhat more moderate and pragmatic.

7. Mao Tse-tung has been preparing for an orderly transfer of power to the present Chairman of the government, 67-year-old Liu Shao-chi, who seems to be at least as militantly doctrinaire as Mao. Although Liu is capable and dedicated, he lacks the charisma and prestige of the almost legendary Mao. If Liu does not survive Mao, party secretary-general Teng Hsiao-ping and Politburo member Peng Chen, both about 65, seem the strongest candidates for the top position. Premier Chou En-lai, 67, has the seniority, stature, and popularity, but probably recognizes that he lacks sufficient strength within the party organization to take over. The top military leader, Lin Biao, is in chronic ill health and thus an unlikely candidate despite his relative youth (37).

8. We cannot be certain that with the demise of Mao there will not be a struggle for power among the survivors. But we see nothing to suggest that the initial transition will not be relatively smooth or that there will be immediate drastic changes in policies. Nevertheless, the passing of such a towering figure as Mao will inevitably have profound consequences. His successor will be a leader of much smaller stature and will probably have to contend with greater factional pressures. At least until he has consolidated his position, the successor is likely to have more difficulty in promulgating and carrying out extremist programs. He will be more vulnerable than Mao to criticism for any policy failures. The problem of bringing new blood into the aging hierarchy will probably devolve upon the successor. This is almost certain to cause increasing pressures from below for greater representation and accommodation of special interests and views.

9. There are enough party members in their 30s whose ties go back to the Long March days (1934-1935) to permit a continuation of the "old guard" tradi-

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tion and policies for some time to come. Over the next few years, these men probably will assume positions of sufficient power to ensure their succession against any rival claims from government technicians and bureaucrats or younger military officers. This interim generation of leaders may be even more doctrinaire than the incumbents and are likely to be narrower in perspective; they will probably strive hard to continue Maoist policies. Whether they will have the abilities and staying power necessary to persevere in such a program is another—and unpredictable—matter.

II. POLITICAL PROBLEMS

10. Up until 1958, the regime had the enthusiastic support of important segments of the population and at least the general approval of the great majority of Chinese people. Since the failure of the Great Leap Forward in 1959 and the ensuing economic disaster, there has been a widening gap between the revolutionary goals of the leadership and the individual, materialistic goals of the people. The regime can command compliance and obedience, but it has been unable to arouse the population from its disillusionment and its political apathy. Although there has been substantial recovery and a general feeling that the economy is again moving forward, the former revolutionary *flên* has not been regained.

11. China's enormous economic problems would severely test a Chinese government of any description. But the Communist regime, through its doctrinaire excesses, has added greatly to the problem. Faced with the prospect of imminent economic collapse, the regime had to halt its program of rapid industrialization and was forced to retreat from its ultracollectivist programs and to shift to more realistic programs which were adapted to China's limited resources. Nevertheless, on a per capita basis, food production is still far below pre-Leap Forward (1957) levels. Except for the military and one or two other favored industries, industrial expansion has not resumed its earlier growth rate. Even now, the regime can only hold out to the people the prospect of austerity and painful social change over the coming decade. Moreover, to justify the continued authority of the Party, the regime must rationalize and administer its new policies along doctrinaire, and probably contradictory, lines.

12. Much of the economic improvement of the last two or three years in rural areas is due to decentralization into smaller collective units and to production from private plots and household handicrafts carried on by individuals for their own profit. Despite the resulting production gains, the Chinese leaders are dismayed by this resurgence of "spontaneous capitalism" and do not intend to let it set the pattern for future farm policy. These "capitalist" practices are, of course, antithetical to the regime's doctrinal concepts. They also interfere with the process of siphoning off resources for state investment, and impair the regime's ability to return to massive collectivist production programs. The regime is obviously anxious to tighten the commune administration and restore its control in the countryside, but for fear of disrupting production it has so far moved slowly and cautiously.

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13. Following the drastic decline in industrial activity beginning in 1960, several million urban workers have been moved back to the countryside. The morale of the industrial workers fortunate enough to retain their jobs is still depressed, though undoubtedly better than a year or so ago. There are indications that workers have responded poorly to various campaigns in recent years. Visitors to Communist China have been surprised by the slow pace of work and the seeming indifference of workers in the factories they have visited, suggesting a degree of dissociation from the regime and its goals.

14. One of Peking's main political problems stems from the disaffection of the lower-level party cadres, especially in rural areas. This development stems from the onerous and contradictory demands placed on them, the requirement to enforce unpopular policies, the demand to set an example of personal austerity, and the hazard of serving as scapegoats for the regime's mistakes. As a result of their unhappy plight, some cadres have been guilty of financial corruption. Many have come to identify themselves with the people they are supposed to control and have developed a tendency to avoid responsibility by resorting to highly bureaucratic methods.

15. One of the most striking developments of the past year in Communist China has been the bitter attack launched against China's intellectuals. Mao is reliably reported to have said that "the intellectuals have never aligned themselves with us." Judging from the regime's propaganda campaigns, these recalcitrant intellectuals would de-emphasize class struggle and close party control. They favor more moderate, practical programs oriented toward economic development and improved living standards. In foreign policy, they appear to favor Khrushchev's concept of "peaceful coexistence," would reconcile the differences in the Sino-Soviet dispute, and would reduce China's support of rebellion abroad. It is doubtful that these views have any significant support within the upper echelons of the party. Rather, what the regime apparently fears is that these views will become influential after Mao and the old guard have left the scene.

16. The disillusionment of youth is probably greater than that of other segments of the population. Once the ebullient and zealous vanguard in building a "new China," their initial expectations were high. Now, finding their educational and employment opportunities severely constricted, they seem to display pragmatic and non-revolutionary thoughts. A full-blown campaign in 1963 intended to reinitiate China's youth with revolutionary spirit and to imbue a willingness for self-sacrifice failed. Rather than responding as the leadership expected, young people ridiculed this campaign and displayed a degree of cynicism that shocked and dismayed the regime.

17. There has been no outward evidence of major tension between the party and the military since 1960, when Defense Minister Peng Teh-huai was removed from office because he opposed the Great Leap Forward and commune programs, objected to the interference of political indoctrination and non-military production assignments, and opposed the policies which helped bring about the with-

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drawal of Soviet military and technical assistance. Since then, the regime has taken measures designed to enhance the loyalty of the armed forces. These have included increased rations, preferential treatment for the families of servicemen, and a sustained campaign of political indoctrination combined with a tightening of party control. Finally, the high level of investment in military programs has probably gone a long way toward satisfying the demands of the professional military. Nevertheless, the sudden abolition of military ranks in May 1965 suggests that the party is not fully satisfied with the "revolutionary parity" of the armed forces and that it may fear a resurgence of professionalism.

III. THE REGIME'S PROGRAMS

18. In the fall of 1962, the regime decided to halt its retreat from the original collectivist goals of the Great Leap Forward and commune programs and to launch a "socialist education" campaign. This campaign, with the objective, in the words of Mao, of "educating man anew and reorganizing our revolutionary ranks," implicitly recognized the political disrepair of the regime and the party. The extent of the political reconstruction required is indicated by the fact that it is envisaged as lasting five to seven years. It is now apparent that in mid-1964 the regime decided to elevate both its domestic and anti-Soviet campaigns to a new pitch of intensity—that of "sharp and complex class struggle on the international and domestic fronts." The revival of the class struggle theme, though largely contrived, provides a scapegoat ("class enemies") for previous failures, justifies a militant, rigid internal political program, and creates a greater contrast between the purity of Mao's communism and the back-sliding "revisionism" of the Soviet Union.

19. Although encompassing all classes and groups, the regime's campaign initially has been focused on rural areas, especially on the lower-level cadres. The regime's technique is to send into a locality a group of outsiders, including a core of disciplined and hardened cadres, to investigate misdeeds and bring erring cadres before "struggle" meetings where they must confess their crimes and engage in self-criticism. For those (and they are in the great majority) who have committed minor crimes and who willingly confess, the punishment usually consists merely of restoring misappropriated funds or paying fines, although it may also include dismissal. For more serious crimes or failure to confess, the punishment is to be labeled a "class enemy" and to be sent to a labor camp or, in the most extreme cases, sentenced to death. There is mounting evidence that the campaign is impairing, rather than strengthening, the fervor of the cadres. Their authority, effectiveness, and prestige have been eroded; many have stated that they want to resign; and some have even committed suicide. Since late spring, pressures on the rural areas seem to have abated; this may be largely in deference to production requirements, but may also reflect some recognition of these counter-productive aspects.

20. The regime has made it clear that it means to restore its rural controls and to get the revolution in the countryside back on the track. Peking has revived the peasant associations which were used during the land-reform era (1950-1952)

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to bully and suppress landlords and rich peasants. In the past year, Poor and Lower-Middle Peasants Associations and Congresses have been formed to "super-vise" cadres and to keep an eye on the suspect rural classes, including the more energetic and productive "upper middle" peasants. These organizations may be used to press for an increase in the sale of grain to the state and in the accumulation of investment funds, overcoming the objections of the better-off peasants and those cadres who favor more income for commune members.

21. In another organizational measure aimed at extending party control, the regime is establishing political offices, modeled on the political commissar system of the People's Liberation Army, in all industrial, financial, trade, and communications organizations. Peiping has stated that this measure is designed to create a disciplined labor "army" in preparation for a new upsurge in production.

22. The regime's programs to deal with its problems with youth and intellectuals emphasize the concept of "remolding through labor." Hundreds of thousands of students (300,000 in 1964 alone) have been sent to frontier regions and the countryside for an indefinite stay. Such measures can be explained at least in part on grounds of a dearth of employment opportunities. The regime's political motives, however, can be seen more clearly in a new policy of interrupting the studies of college students (except those in the physical sciences) for periods up to 18 months to participate in the "socialist education" campaigns. This is supposed to provide valuable revolutionary training and to remove the students from the corrupting influence of "bourgeois intellectuals and experts" in China's institutions of higher learning. These suspect adult intellectuals are also subjected to "remolding" through extended periods of physical labor amongst the masses. Thus the regime is attempting the well-nigh impossible task of providing the sound education essential to economic and technical development and at the same time producing an intelligentsia that is receptive to simplistic and dogmatic ideology.

23. The regime, though not seeking to provoke an international crisis to distract people from domestic problems, is using the Vietnam war to stir up nationalistic feelings. A good example of this is the current program to build up and revitalize the militia. The regime is screening militia recruits carefully and is careful to put political indoctrination ahead of military training. While the militia has its military purposes, one of its main functions is to give the regime another device for political indoctrination and control. Peiping's anti-Soviet campaign is also being put to domestic use. The regime has attached to home-grown "revisionist" tendencies the added stigma of identification with the despised Soviet back-sliders.

24. The regime has called for a new "production upsurge," and many current Chinese programs suggest that Peiping may once again employ the basic theories of the Leap Forward strategy: that the basic wealth of China is its manpower, and that this manpower is available for mobilization and regimentation through political indoctrination rather than material incentives. At the same time, there is considerable evidence that the regime, remembering well the disaster of the

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Great Leap Forward, is disposed toward greater caution and realism. For example, the regime has emphasized quality and efficiency over quantity in production policies and has given high priority to birth control and farm development, all of which run counter to Marxist-Leninist tenets and the underlying philosophy of the Great Leap. If and when the goals for the coming Third Five-Year Plan (1966-1970) are revealed, we will have a sounder basis for judging the regime's strategy. If, as seems likely, the plan calls for a more intensive collective effort by the workers and peasants, the people's response will also give us a clearer idea of the degree of popular disillusionment. We judge the situation to be unpromising for the success of even a controlled Leap Forward in economic development.

IV. PROSPECTS

36. The doctrine and elderly men who rule China are likely to persist in, and probably intensify, their political programs aimed at producing a new breed of man that will see the world as they do. We believe such a program is unlikely to restore the former unity and revolutionary *elan*. The reaction to the Great Leap Forward disaster is still strong in all sectors of society, and there appears to be a general, unexpressed feeling that the regime's pressures will not be carried to intolerable levels and that its more extreme demands can be avoided or withheld. However, if methods of exhortation and persuasion fail, the regime will either have to back down from its revolutionary goals or rely increasingly on methods of coercion and suppression. We believe that the present leaders, who seem to be increasingly dogmatic and inflexible, will not give way. Thus the outlook for the next several years is for economic and social programs fostering increased tension.

38. Although the regime has mishandled many of its programs, it has been remarkably effective in enforcing its basic control over the country. We see little chance that this control will significantly weaken over the next two or three years. The Chinese people would almost certainly rally to the regime and fight in the event of war. Peking is aware of this reservoir of patriotism and is increasingly using the crisis in Vietnam to justify its programs and the tightening of political and social controls.

37. A leadership as disposed to extremist enterprises as the Mao regime is susceptible to factional rifts, and we do not rule out the possibility of serious strife within the upper rank. However, we have no good evidence of policy differences or personal rivalries sufficient to crack the discipline under which the top leaders have so long operated. Thus we believe that, even if Mao were to depart from the scene, the unity of the top leaders will remain basically firm for the next two or three years. Nor is there much chance that internal difficulties will force Peking to alter its aggressive and arrogant foreign policies. Rather, the prospect is for an accumulation of difficulties and pressures that will have to be accommodated by some future leadership. Such a leadership, on present evidence, is probably some years away.

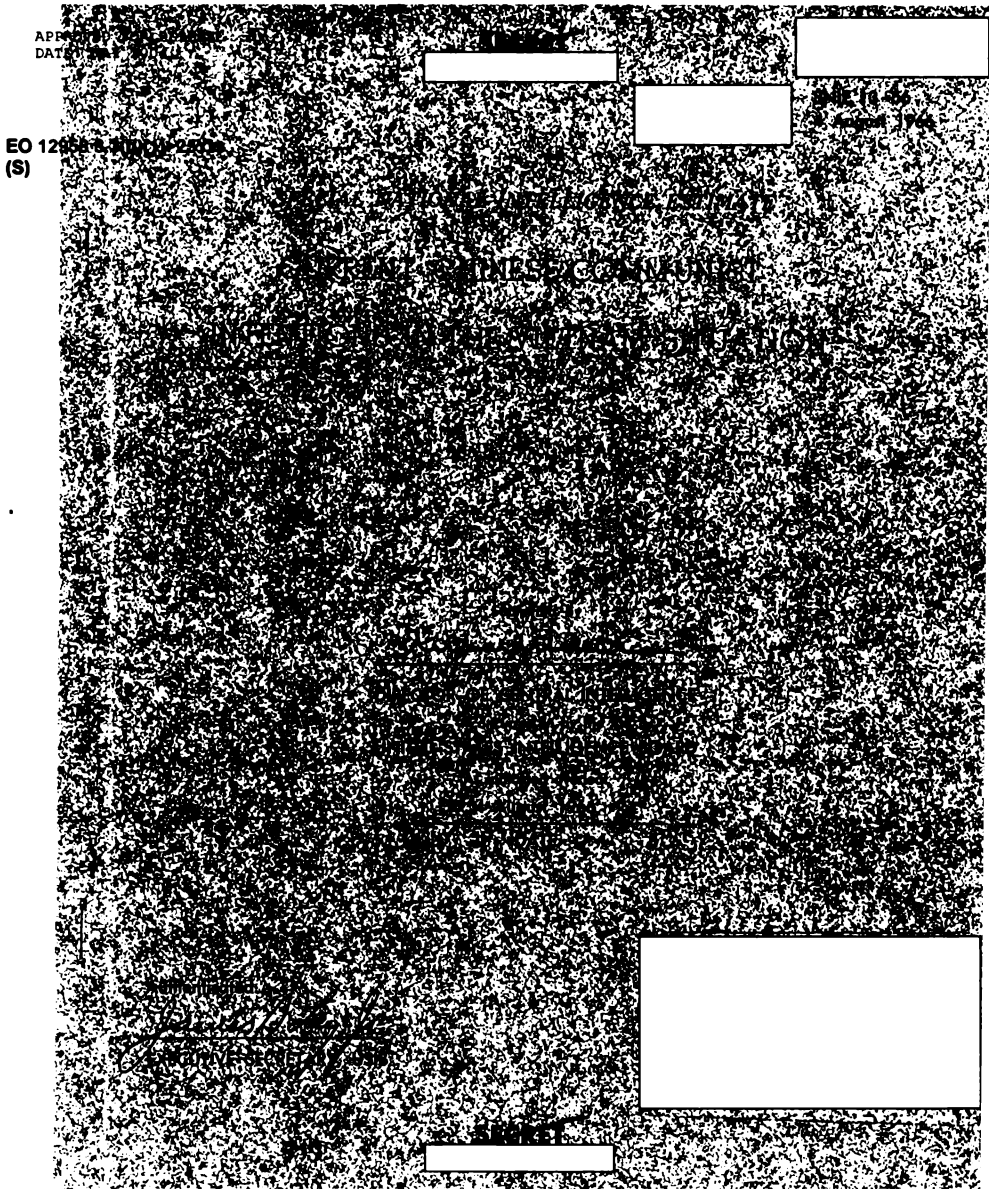
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SECTION 24

SNIE 13-66

Current Chinese Communist Intentions
in the Vietnam Situation

4 August 1966



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CENTRAL INTELLIGENCE AGENCY

4 August 1966

SUBJECT: SNIE 13-66: CURRENT CHINESE COMMUNIST INTENTIONS
IN THE VIETNAM SITUATION

CONCLUSION

The Chinese Communists have responded to recent US air action against North Vietnamese POL facilities and to Ho Chi Minh's July 17 appeal for more aid with massive propaganda demonstrations all over China. These occasions were used to renew pledges of complete support for Hanoi and to reiterate the Chinese view that the war must be continued to final victory. At the same time, the Chinese seem likely to provide more manpower for logistical and engineering functions in North Vietnam, and, for the first time, they may move some infantry troops into North Vietnam as a precautionary step against the contingency of invasion.

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We do not conclude, however, that the Chinese have changed their basic policy because of the recent air strikes. We have estimated that Peking would almost certainly intervene if North Vietnam were invaded or if the collapse of the Communist regime seemed likely. But we continue to believe that, at present levels of US action against NVN, China will not commit its ground forces to the war, nor its air force to deliberate and sustained action against US forces.

DISCUSSION

1. Peking has responded to the US air strikes on POL facilities in North Vietnam and to Ho Chi Minh's July 17 appeal for more aid with massive propaganda demonstrations all over China. The burden of the declarations made on these occasions is for the most part not new: that China is no longer bound by any restrictions in aiding North Vietnam, that China is a great "rear area" in the struggle, and that Peking and Hanoi are now ready to deal "joint blows" against the US. In addition, the Chinese have warned against underestimating their willingness to support Hanoi and have stated that China was prepared to make the greatest "national sacrifice" in this effort.

the Chinese Foreign Minister indicated that increased bombing of Hanoi and Haiphong and an invasion of North Vietnam would bring China into the war. Chen Yi argued that

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the US was following a course which would lead to heavier bombings, then to an invasion of North Vietnam, and finally to an attack on China.

2. It may be that Peking intended these various warnings to presage a more direct involvement in Vietnam. In again asserting a right to take action at any time and in any place, and in adding to this a total denunciation of the Geneva agreements, the Chinese could be laying the political and legal foundation for certain open military steps. It is possible, moreover, that they are unfolding new courses of action worked out with Ho Chi Minh more than a month ago when he is thought to have visited Peking.

3. On the other hand, the Chinese clearly had to take a hard line in response to the Hanoi-Haiphong bombings, particularly if they were not to be outdone by the Warsaw Pact declaration sponsored by the USSR. And the North Vietnamese mobilization order, which preceded the more significant of the Chinese declarations, called for "still more vigorous support" from all Communist countries.

4. Taking Chinese statements as a whole, we note that Peking has been careful to hedge any commitment to direct action and has purposely tried to portray China in a supporting rather than a direct role. It is significant that the Chinese have reiterated the Maoist doctrine that outside aid cannot "replace" the people's struggle and that the Vietnamese people "should and can rely on themselves" to prosecute the war. It seems

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likely that if China planned some direct participation in the war, it would adopt a less negative position on the value of outside assistance. Such a gratuitous reminder of the limits to outside aid may also have been intended to discourage Hanoi from accepting the Warsaw Pact offer of volunteers.

5. A complicating factor in judging Chinese intentions is the recent internal crisis. This situation has been confusing and we are far from certain as to its meaning and implications. It could be that after a period of turmoil, the Chinese leadership is now speaking with a new assurance and developing a bolder line on the Vietnam war. On the other hand, the "cultural revolution" must be creating considerable disarray in China, perhaps even within the armed forces, and this would seem to argue against a decision to go to war in Vietnam. Indeed, one theme of the campaign has been that the main enemies are inside China. Compared to the situation six months ago, there is apparently less emphasis in domestic propaganda on preparing the population for war with the US, by stressing civil defense, for example.

6. As to recent military indicators, there is no evidence thus far of significant movements of ground or air forces to South China. Nor are there other indicators of the sort that might be expected, if the Chinese leadership intended to commit ground forces to combat at an early date. Furthermore, there have been no movements indicating an intention to threaten military action in other areas such as Laos, Taiwan, or Korea.

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7. It seems probable, therefore, that the current Chinese line on Vietnam is designed mainly to serve a number of political purposes. Peking wants to provide a dramatic reassurance to North Vietnam, now that Hanoi has again rejected all overtures for negotiations and reaffirmed its intention to fight a long war. Since Chinese actions have been cautious, Peking also probably feels that some strong words are needed to augment concern in the US and elsewhere that China's intervention is becoming more imminent. The hoped for effect would be to deter a still further increase in the scale of attack on NVN. Finally, the Chinese seem intent on destroying any lingering hopes that a negotiated settlement can be arranged. To this end Peking, unlike Hanoi, has emphasized that the Geneva agreements are dead and can no longer be thought of as a basis for negotiations.

8. We conclude that the Chinese have not changed their basic policy because of the recent air strikes. We have estimated that Peking would almost certainly intervene if North Vietnam were invaded or if the collapse of the Communist regime seemed likely. But at present levels of US action against NVN we continue to believe that China will not commit its ground or air forces to sustained combat against the US. In our view, neither the Chinese nor the North Vietnamese regard the present situation as critical enough to justify outside intervention with its attendant risks of a much wider war, including ultimately the threat of nuclear war, which the Chinese must now reckon they would have to face without assurance

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of Soviet support. Hanoi still has considerable freedom of action vis a vis both Moscow and Peking, and Ho Chi Minh's polite refusal of Communist "volunteers" strongly suggests that North Vietnam is not moving to expand the war in this way.

9. This is not to say that Chinese involvement in the war will not grow, or that the Chinese will confine themselves to resounding phrases. Peking and Hanoi probably estimate that the war has entered a new and more intense phase with the Hanoi-Haiphong bombings and the rapid commitment of NVA troops to SVN. They anticipate a further US buildup, and Hanoi apparently intends to continue a heavy rate of infiltration into SVN. They probably also estimate that US air strikes against NVN will become more intense and widespread.

10. For some time Chinese military personnel have been present in North Vietnam; current strength is estimated at 25,000 to 45,000.* They include AAA troops, engineers, construction crews, and various other logistical support groups. More assistance of this nature is almost certain.

11. Hanoi and Peking may now believe that the time has come to move ahead with plans for greater Chinese support against the contingency of invasion. The Chinese are already apparently participating in the construction of a large base, perhaps including an airstrip, located some

* Lieutenant General Marshall S. Carter, Director of the National Security Agency, does not believe there is sufficient intelligence to support a numerical estimate of Chinese Communist troop strength in the DRV.

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75 miles northwest of Hanoi. The ultimate purpose of this base is unknown. Beyond this, it is possible the Chinese will move some infantry troops into North Vietnam.

12. Altogether, there is some reason to believe that the Chinese presence, and consequently influence in North Vietnam may grow, consonant with Hanoi's apparent resolution to continue the war for some time. We do not believe however, that recent Chinese behavior indicates that Peking has made a decision to enlarge the war by overt involvement of their forces against the US.

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SECTION 25

NIE 11-12-66

The Outlook for Sino-Soviet Relations

1 December 1966

APPROVED FOR RELEASE
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NATIONAL INTELLIGENCE ESTIMATE

NUMBER 11-12-66

The Outlook for Sino-Soviet Relations

Submitted by

[Signature]
DIRECTOR OF CENTRAL INTELLIGENCE

Reviewed by the
UNITED STATES INTELLIGENCE BOARD

As indicated on the
1 December 1966

Authenticated

[Signature]
EXECUTIVE SECRETARY, USIB

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THE OUTLOOK FOR SINO-SOVIET RELATIONS

THE PROBLEM

To examine current developments in the Sino-Soviet dispute and their possible significance for the future relations of the two Communist states.

CONCLUSIONS

A. We believe that Sino-Soviet relations will continue to deteriorate so long as the Mao Tse-tung - Lin Piao leadership group retains authority. But we do not foresee a deliberate break in state relations; the Soviets are apprehensive about the costs of such a development within the Communist movement and the Chinese probably fear its possible impact on Hanoi.

B. Even so, we cannot completely exclude a sudden explosion of the dispute into a new and more virulent form in the near term. The Vietnamese war has added to the uncertainties and the urgency of the dispute, the emotions of the principals involved could come to have greater relevance, and unplanned incidents could provoke greater hostility and more forceful retaliations. Moreover, the situation in China is fluid; it is possible that domestic requirements or pressures might cause the leadership to force a severance of all remaining vestiges of contact with the USSR.

C. In the longer term, prospects for major changes leading either to a further deterioration or an easing of the dispute appear to rest mainly on what happens in China after Mao. The emergence of a Chinese regime even more anti-Soviet than its predecessor is certainly one of the possibilities. In this event, hostility could reach new levels of intensity. All forms of cooperation, including even the transit across China of Soviet supplies for North Vietnam's war effort might

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cease. Though serious military incidents along the Sino-Soviet border are also possible, both sides would almost certainly seek to avoid war.

D. The emergence of a more flexible leadership in Peking could lead to some easing of tensions. We do not believe that any Chinese regime would offer the Soviets substantial concessions, but in exchange for certain benefits, such as renewed economic and military assistance, new Chinese leaders might be willing to damp down the dispute. Even a limited Sino-Soviet rapprochement would be likely to have some important effects on the international scene since world opinion has come to expect active discord between the two. An easing of the dispute could also lead to greater Sino-Soviet harmony vis-a-vis the Vietnamese war, assuming its continuation.

E. Nevertheless, any Sino-Soviet rapprochement in either the short or longer term is likely to have definite limits. We expect little or no positive cooperation at the party level and a continuing general atmosphere of barely suppressed suspicion and mistrust. Moreover, the Sino-Soviet relationship would remain highly vulnerable to clashes of national interests over a broad range of issues, and if China's power began to give punch to its national assertiveness, serious trouble could develop, particularly over the frontiers.

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DISCUSSION

I. INTRODUCTION

1. The Sino-Soviet dispute has greatly intensified in recent months. Peking has stepped up the frequency and fury of its attacks on the USSR. Moscow, which for almost two years sought to convey an image of reason and restraint in the dispute, has since August begun to reply forcefully in kind. China accuses the USSR of acting in collusion with the US, and Moscow charges that Peking serves the imperialist cause by refusing to cooperate with the rest of the Communist world. China claims that the Soviet leadership is deliberately transforming the USSR into a bourgeois society, Moscow asserts that current developments and policies in China have "nothing in common with Marxism-Leninism." And each side now publicly contends that the other is beyond redemption so long as its present leaders are in control.

2. Hostility between the USSR and Communist China has, of course, existed for many years. Serious, though concealed, differences arose even during periods of relative harmony in Stalin's time, and open antagonism dates back at least to 1960. The reasons for Sino-Soviet friction and for the long decline in the relationship are complex, and over the years a substantial number of issues have been involved in the dispute. Underlying everything have been conflicts of national interest and ambition, some of a largely traditional nature, such as Sino-Russian competition in Mongolia and Korea, and others which have assumed a largely Communist character, such as the rivalry for political and ideological preeminence within the "socialist world." Different stages of internal development and great disparities in wealth and power have helped to create conflicting attitudes and a general feeling of ill will between the two countries. Doctrinal disagreements and quarrels over Communist strategy, cultural antipathies, and even personal enmities (as between Khrushchev and Mao) have all played important roles. Certain key moves made in the dispute have also stimulated discord and helped to give the contest a momentum of its own: for example, the USSR's refusal in the late 1950's to satisfy China's demands for the wherewithal to achieve a nuclear weapons capability, and Peking's decision in the same period to challenge Moscow's dominance in the Bloc.

3. Three developments appear to have contributed the most to the current sharpening of the dispute. First, China's internal quarrels have been accompanied by the mounting violence in polemical attacks on the USSR and its adherents in the movement. The campaign against domestic revisionists and anti-Maoists, part of an apparent struggle within the Chinese leadership, has evidently encouraged comparable attacks on Mao's principal enemies abroad as well. Secondly, China's growing isolation within the Communist movement—it is now virtually without significant allies—has frustrated and embittered Peking, and this seems to have reinforced its determination to remain arrogant and intransigent vis-a-vis the USSR. Finally, the war in Vietnam has

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become a key area of dissension, since it involves the most fundamental differences over Communist strategy and tactics.

II. RECENT BACKGROUND

4. The present Soviet leaders decided late in 1964, shortly after their assumption of power, that Soviet policy toward China was sorely in need of repair. They apparently believed that Khrushchev had caused unnecessary damage to Soviet prestige and leadership of the Communist movement by his insistence on engaging polemically with Peking and his efforts to commit other parties to a formal repudiation of Chinese views. They did not wish to compromise the USSR's basic political and ideological position in the dispute, and probably had no strong expectation that relations with China could be significantly improved. But they did hope that a new approach could reverse growing support for the Chinese within the movement and eventually help to isolate Peking from the rest of the Communist world.

5. To this end, Khrushchev's successors acted with calculated restraint, avoiding polemics, retreating from demands for an anti-Chinese international Communist conference, and, in general, seeking to shift the blame for the continuing dispute onto Peking. At the same time, partly to disprove Chinese charges of Soviet unreliability and softness, and partly to contest actively with Peking for influence in Hanoi, they also sought to reestablish the USSR's credentials as a major Asian power and publicly committed themselves to increase their support of North Vietnam. And, in support of this general line, they placed stricter limits on negotiations with the West and reintroduced a number of cold-war themes into their propaganda.

6. The Chinese Communists seem initially to have misread Khrushchev's fall from power as a blow against revisionism and as a further vindication of their own harsh revolutionary line. They soon rebuffed the efforts of the new Soviet leadership to mute polemics, and were apparently unprepared for the effectiveness of the new Soviet tactics. They were also unprepared for the series of setbacks they encountered abroad: for example, the failure of their efforts to form an Afro-Asian front in 1965 without Soviet participation, highlighted by the fiasco over the Algiers conference; the loss of their position in Indonesia; the characterization of their trade policies by the previously friendly Castro as political blackmail; and, in general, their growing unpopularity among Afro-Asian neutralists.

7. The Chinese became aware that things were going against them and that some of their early supporters, such as the Japanese Communists and the North Koreans, were beginning to drift away from their camp. But rather than change course, they persisted in unyielding policies and insisted that "temporary setbacks" could not deflect them from long-term objectives. Even their growing vulnerability to Soviet allegations that only China stood in the way of unified Communist support for North Vietnam did not persuade them to modify policies. Last spring, in fact, Peking adopted a domestic line which could hardly have

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been fashioned to do it more harm in the movement or render it more susceptible to Soviet ridicule and cries of alarm. Indeed, all of the world's Communist Parties have been mystified by the course of events in China, and virtually all have been alienated by the antiparty aspects of Red Guard rampages, the appearances of Maoist megalomania and Chinese chauvinism, and the general turmoil which seems to have swept over China.

III. CURRENT PROBLEMS AND DEVELOPMENTS

8. The USSR and Communist China today find it difficult to maintain even the pretense of a meaningful political and military alliance. Party contacts practically do not exist. State relations are minimal, formal, and often not polite. Cultural contacts are kept up, but on a very small scale. Trade, which reached a peak of over \$2 billion in 1959, sank to about \$400 million last year and will probably decline even further this year. Only negligible quantities of military supplies are still shipped from the USSR, principally certain spare parts contracted for earlier and items of equipment which the Chinese could produce themselves or obtain elsewhere. The 1950 Treaty of Friendship, Alliance, and Mutual Assistance has not been formally renounced, but both sides have expressed doubt as to its continuing validity; Peking has indicated that it does not count on—or even necessarily want—Soviet military assistance, and the USSR has clearly implied that in many circumstances it would not feel at all bound to extend such assistance. The two countries do not even cooperate easily or well on problems associated with the provision of military assistance to North Vietnam. Peking has in various ways hampered the delivery of Soviet equipment to North Vietnam.

9. *The Situation on the Border.* Tension has existed along the Sino-Soviet frontier since at least 1962 (when some 50,000 border tribesmen in Sinkiang, apparently stirred up by the Soviets, emigrated en masse to the USSR). Since 1963, Moscow has undertaken some modest reinforcement of its military and security forces in regions near China, especially opposite Sinkiang and eastern Manchuria. It has also stepped up its military assistance to Mongolia and this year began the construction of an air defense system in that country. The Chinese have apparently begun to give some attention to air defenses in areas of Sinkiang bordering the USSR. They have also sought to impose stiff new regulations governing the use of border rivers and have apparently harassed the Soviets along the land frontiers as well.

10. *Condition of the Communist Movement.* Sino-Soviet rivalry within the world Communist movement is still bitter and intense. The Chinese glorify Mao, vilify the USSR, and define their views as "universal truth;" the Soviets allow the Chinese to discredit themselves in this way and try, for the most part successfully, to block Peking's maneuvers. The character of this competition, however, has changed greatly over the past two years. The USSR must still reckon with the split, partly because of the maneuverability it gives parties which are anxious to avoid Soviet domination, and partly because a number of parties maintain a neutral posture in the dispute, including, most notably, the North

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Vietnamese. But while Moscow was confronted only two years ago with a serious challenge to its leadership, today it faces a China which can count on full support only from Albania, the Communist Party of New Zealand, a handful of tiny splinter groups, and a small number of front groups which are obviously Chinese controlled.

11. *Impact of the Vietnamese War.* The Soviets have increasingly sought to use the Vietnamese war as an issue against China. They have charged, for example, that Peking's failure to cooperate had prolonged the war by preventing a "quick end" to US "outrages." And they have employed their aid to North Vietnam as a means to increase their influence in Hanoi at Chinese expense, and in this they have apparently had some success. But while thus offering the Soviets an effective tool to use against the Chinese, the war also tends to limit the USSR's maneuverability in the dispute. Moscow must contend with Hanoi's refusal to choose sides, which means also that North Vietnam is unwilling to accept Soviet political guidance on the conduct of the war. Moreover, Chinese control over direct land and air supply routes to North Vietnam is a factor limiting Soviet influence in Hanoi.

12. The eventual outcome of the war will clearly have a major bearing on the further course of the Sino-Soviet quarrel. The Soviet attitude toward the war appears to be mixed. The effect it has had in imposing strains on American resources and burdens on American relations with Europe and friendly countries elsewhere must be seen as advantageous. On the other hand, the Soviets are aware also that the situation carries some risk of direct confrontation which, in that area and under present circumstances, they must wish to avoid. For them, the optimum outcome would be one which, by a political process perhaps including a negotiation, gave Hanoi a good prospect of achieving its aims in South Vietnam and thus inflicted a major reverse on US policy. Evidently the Soviets do not think that the moment has yet come when they can set in motion a scenario which would end in this way. But should they be able to, in the face of continuing Chinese opposition to a political solution, they would strike a major blow at Peking's influence among the Asian Communists which would also go far to reestablish Moscow's ascendancy throughout the Communist movement.

13. For their part, the Chinese apparently wish for the present to see the Vietnam struggle continue. They see it as a prime example of a "people's war" waged against their main enemy, US imperialism. They hope for an outcome which would support their claim that this Maoist strategy is essential to revolutionary advance and at the same time diminish Soviet claims to give authoritative guidance to the revolutionary struggle.

IV. SHORT-TERM PROSPECTS

14. No clear pattern emerges from the most recent developments in the dispute: the mutual expulsions of the few remaining students, the Chinese demonstrations against the Soviet Embassy in Peking, the exchanges of diplomatic protest notes, the rising pitch of invective, and the hints from both capitals of growing difficulties over the transshipment of Soviet supplies to North Vietnam. Ordinarily,

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an accelerating deterioration of relations such as this might be expected to lead to a complete and final break. Neither China nor the USSR, however, has allowed matters to get completely out of hand.

15. Peking seems willing to run the risk of provoking a formal break in diplomatic relations, but seems reluctant to take the final step itself. It almost certainly wants to avoid the onus for doing so. It may, in addition, wish to avoid a total rupture because of a concern that this would complicate the Vietnamese war and relations with Hanoi, and, perhaps, because of a fear that Hanoi, if forced to choose, might align itself with the USSR.

16. The Soviets probably hope to avoid a formal break in state relations. They probably find their presence in Peking useful for a number of very practical reasons, including the maintenance of a listening post. They may also feel that the continued show of the Soviet flag provides some encouragement to any elements in the Chinese Party which oppose present Maoist policies and some opportunity for contacts with such elements if future conditions permit. More important, they continue to be impressed with the probable costs of initiating a break in terms of their relations with other Communist parties.

17. A further deterioration of relations appears to be the most likely near-term prospect in Sino-Soviet relations. The Soviets for their part will wish to exploit what they perceive to be growing Chinese weaknesses. They may, for example, state publicly what they have already suggested privately: the Mao-Lin Piao regime is abandoning communism and becoming, in essence, a Fascist dictatorship. Some rise in the frequency, though probably not the magnitude, of incidents along the Sino-Soviet border also seems likely. Continued difficulties associated with the transit across China of Soviet supplies for Vietnam seem almost certain. Forced reductions in the size of diplomatic missions are possible. But we do not foresee a deliberate formal rupture in state relations between the two countries; the Soviets will probably remain generally apprehensive about its possible costs in the movement, and the Chinese will probably continue to fear its possible impact in Hanoi.

18. The Soviets are genuinely concerned about the trend of events in China. They also wish to capitalize on the apprehensions of others and to insure China's isolation in the Communist movement. For these reasons, Moscow will probably continue to seek some form of international Communist condemnation of Chinese extremism and obstructionism. But the Soviets know that many parties, though hostile to Peking, would not favor an international conference explicitly called for that purpose, or any enterprise which threatened to expel the Chinese from the movement.

19. A further intensification of the dispute is not itself likely to alter China's bellicose international stance or its foreign policies generally. It might, however, have some effects on the USSR's foreign policies. We do not believe that growing Sino-Soviet friction automatically assures a commensurate Soviet effort to improve relations with the West. But, as China has become more and more

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isolated and discredited, the Soviets have become less sensitive to Chinese accusations and perhaps less responsive to Chinese pressures for militancy. Since August, for example, there have been a number of signs that the USSR has become more interested in some movement in its relations with the US. In any case, as a simple matter of prudence, Moscow's inclination to avoid crises in the West would probably be reinforced by a fear of possible major difficulties in the East.

20. We cannot completely exclude a sudden explosion of the dispute into a new and even more virulent form, even in the near term. The Vietnamese war has added to the uncertainties and has no doubt increased the sense of urgency associated with the contest. The emotions of the chief actors in the dispute could come to have even greater relevance, and unplanned incidents could provoke even greater hostility and lead to new forms of mutual retaliation. Moreover, the internal situation in China is fluid; it is possible that domestic requirements or pressures might cause the leadership to force a severance of all remaining vestiges of contact.

V. THE OUTLOOK AFTER MAO

21. Prospects for significant changes in the Sino-Soviet relationship—either a further, radical deterioration or an easing of the dispute—appear to rest in the main on what happens in China. We cannot foresee, however, what is most likely to emerge from the present turmoil in Peking, nor can we estimate the timing of possible developments.

A. Radical Deterioration of Relations

22. The emergence after Mao of a Chinese regime even less flexible and more nationalistic than its predecessor is certainly one of the possibilities. Such a regime, either for its own purposes or because of miscalculation, might bring matters to a head with the USSR. The ways in which this could be done, and the consequences of such an act, are beyond counting. Hostility so intense as to lead to a severance of all forms of cooperation concerning Vietnam is certainly one possibility. Serious military incidents along the Sino-Soviet frontier are also possible, but both sides would almost certainly seek to avoid war. China probably would be constrained by its military inferiority and the USSR by its anxieties over the military and political costs.

Prospects for an Easing of the Dispute

23. The present Soviet leaders—and any likely successors to them—would look to Peking for improvements in the Sino-Soviet relationship. They are not of a mind, and see no need, for any substantial changes in their own position. While thus convinced that most of the movement toward compromise must come from China, they surely do not expect this from the existing Chinese leadership. They may calculate, however, that the successor regime will be dominated by men less anti-Soviet than Mao. The Soviet leaders may even believe that the

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present radical course of Chinese policy will hasten the day when there will be a reaction against the radical Maoist line.

24. Should such a reaction occur, Moscow might then hope for some kind of grand Communist unity under Soviet sponsorship, but it almost certainly would not count on a restoration of the close relations it enjoyed with Peking in the early and middle 1950's. The Soviet leaders probably would try, however, to encourage a new leadership in Peking to end China's overt anti-Soviet campaign and its competition with the USSR in the Third World, in Vietnam, and in the international movement. As part of this program, they almost certainly would offer the Chinese economic aid.

25. A successor leadership in Peking might be interested in an improvement of relations, but we do not believe that any Chinese regime would be likely to offer substantial concessions to this end. Mao's personality certainly played an important role in setting the tone of the Sino-Soviet polemic and his views also contributed to the substance of the dispute, as did Khrushchev's. But Mao's departure from the scene and his replacement by a more flexible leadership would not heal all the wounds or remove basic issues. The Chinese leadership as a whole—not just Mao—seems genuinely to feel that it is the aggrieved party in the dispute and that it has been the victim of a double-cross, specifically, the USSR's failure to fulfill promises to give China extensive technical, economic, and especially military assistance. More important, any conceivable new leadership in Peking is likely to retain strong feelings about Chinese national independence, cultural and ideological superiority, and perhaps racial superiority as well. Divergent Chinese and Soviet national interests are likely to remain a source of friction and distrust for many years to come.

Consequences of an Improvement

26. Nevertheless, we believe that a future Chinese leadership might see advantages in a damping down of the dispute and in a resumption of some forms of cooperation with the Soviets. It might see benefits, for example, in a resumption of Soviet economic, technical, and military aid programs. It might see some virtue in attempting to revive the credibility of past Soviet commitments to defend China. And it might be willing, in exchange for such benefits, to reduce polemics and to agree to cooperate with the USSR in Vietnam if the war was still in progress.

27. Such an agreement might even include harmony among Moscow, Peking, and Hanoi concerning overall strategy and the question of the war's continuation or settlement. If, in these circumstances, the decision were made to continue the fighting, Hanoi would benefit from the establishment of Sino-Soviet cooperation in a number of ways. It would probably receive military supplies somewhat faster and perhaps in greater quantity; the establishment in China of supply bases for Soviet materiel, for example, would expedite shipment and perhaps allow an improvement in the mix of weapons delivered. Finally, a greater degree

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of unity would give Hanoi's political statements and warnings somewhat more force than in the past.

28. Even a very limited rapprochement between the USSR and Communist China would be likely to have an effect on the international scene as a whole. World opinion has come to expect active discord between the two, and world politics rests in part on the assumption of its continuation. The changes in opinion and politics which would probably flow from any such adjustment in the Sino-Soviet relationship, however, are not easily foreseen. They might be subtle and very gradual: a slow renewal of confidence within the Communist movement, for example, or a growth of anxiety in Europe about the USSR's intentions in the West, now that its frontiers in the East were more "secure." Or they could be more substantial, as in Vietnam, and perhaps as in India, which might fear that any trend toward Sino-Soviet harmony would seriously threaten its security interests. Some of these effects would probably be present even though, as we believe likely, a limited rapprochement failed to hide all evidence of continuing basic differences and clashes of interests.

The Long Term View

29. Over the long term, to the extent that China proved successful in realizing economic, technical, and military progress, Soviet fears of a strong China on its borders are likely to grow. The prospect of a powerful China is probably some way off in Soviet calculations, and would not, in any case, necessarily prevent Moscow from seeking to normalize relations. But it would serve, we think, to limit the USSR's inclination to consider China as an ally and to reinforce other alternatives in Soviet foreign policy. These alternatives will probably include continuing interest in good relations with Japan and India, as potential check-mates to Chinese influence in Asia, and, over time, a more urgent interest in a European settlement.

30. On the Chinese side, while changes in the regime and its policies may produce an interest in normalizing relations with the USSR in order to obtain economic and military assistance, Peking is not likely to be willing to pay much of a political price for such aid. It almost certainly would not accept Soviet leadership in the world Communist movement, renounce its traditional interests in border areas, or forgo its claims to a leading role in both Asian and world affairs. China's requirements, political and economic, are likely to cause any non-Maoist successor regime to look to Japan and the West as the major source of the necessary capital and technology for China's development.

31. Thus, while we believe that the Sino-Soviet relationship could come to be characterized by improved state-to-state relationships and a relaxation in the bitter ideological struggle, we expect little or no positive cooperation at the party level and a continuing general atmosphere of barely suppressed suspicion and mistrust. Moreover, the relationship would remain highly vulnerable to clashes of national interest over a broad range of issues, and if China's power began to give punch to its national assertiveness, serious trouble could develop, particularly over the frontiers.

SECTION 26

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Communist China's Military Policy
and Its General Purpose
and Air Defense Forces

6 April 1967

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Communist China's Military Policy and Its General Purpose and Air Defense Forces

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Submitted by



DIRECTOR OF CENTRAL INTELLIGENCE

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COMMUNIST CHINA'S MILITARY POLICY AND ITS GENERAL PUR- POSE AND AIR DEFENSE FORCES

THE PROBLEM

To assess Communist China's general military policy and to estimate the strength and capabilities of the Chinese Communist general purpose and air defense forces through 1969.

CONCLUSIONS

A. Whatever the outcome of the current political crisis, any Chinese leadership will probably continue to work towards a dominant position in Asia and great power status on the world scene. It will probably continue to be concerned by the danger of conflict with the US, and possibly with the USSR. Thus China will almost certainly continue to give high priority to improving its military capabilities.

B. Although the threat of force and its actual use beyond China's borders are significant elements in Peking's outlook, Chinese military strategy places primary emphasis on defense. With the possible exception of their nuclear/missile activities, we do not see in train the general programs, the development or deployment of forces, or the doctrinal discussions which would suggest a more forward strategy. At least for the short term, the high priority nuclear program is probably viewed by the Chinese as primarily for deterrence, though Peking's successes in this field bring substantial prestige and political influence, particularly in Asia.

C. In our view, Chinese forces are capable of providing a strong defense of the mainland and launching significant offensive operations in neighboring areas. Thus far the political turmoil does not seem to have affected these Chinese capabilities or military production programs in any significant way.

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D. Under a broad policy of modernization, Peking is pursuing the following programs and objectives:

1. *The Army.* Improvement of firepower, mainly by supplying new tanks and heavier artillery. The army's organization and size has remained static: about 2.4 million men in 118 combat divisions of uneven quality and strength.

2. *Air Defense.* A growing inventory of fighters (Mig-19s), addition of better radars, and preparations for production of the SA-2, probably as part of a point defense system for key target areas. Production of the Mig-19 continues (20-25 a month) and production of the Mig-21 is expected.

3. *The Navy.* Five R-class submarines have been produced and about 10 more will probably be built by 1970. A construction program for guided missile patrol boats began in 1966 and is proceeding at an estimated rate of 10 per year. The South China Fleet is being strengthened by deployment of patrol and torpedo boats and by expansion of shipbuilding and shore installations in South China.

E. Nevertheless, the limitations and demands on China's economic and technological capacities are such that conventional forces will remain deficient in modern equipment at least into the early 1970's. There is little prospect for a significant increase in the mobility of Chinese ground forces; the air defense system will still be unable to cope with a major air attack; fighters will be at least a generation behind the US and USSR. Naval capabilities will still be mainly limited to offshore patrol and escort.

F. The current modernization programs for conventional forces plus even a modest effort to produce and deploy advanced weapons systems will, in our view, put pressures on an already strained economy. Thus China will face an increasingly difficult problem in allocating scarce economic resources between civilian and military needs and within the military sector. Resolution of these problems may be a cause of continued dispute, both within the military and at the top level of national decision-making.

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DISCUSSION

1. For well over a year China has been caught up in a great political crisis. The People's Liberation Army (PLA) has been involved, particularly in recent stages; its leadership has been shaken and present and future military policies may have been in dispute. The situation is still highly uncertain, and whatever its outcome, the PLA as a key institution is bound to be affected. For some time China may be in a period of transition.

1. FACTORS AFFECTING MILITARY POLICIES

2. From the outset, Maoist China has aspired to a dominant position in Asia, to great power status in the world, and to leadership of the world's revolutionary forces. These ambitions have brought China face to face with the US in Asia and caused Peking to view the US as its principal enemy intent on the encirclement and overthrow of the Chinese revolution. And these same ambitions led to the Sino-Soviet dispute and the eventual end of Soviet military, technical, and economic assistance.

3. In this situation, Chinese military policy has had to provide first of all for the defense of the mainland; beyond that, however, there has been a requirement to develop the military strength that would give weight to Peking's ambitions in the outside world. So far the solution seems to rest on a curious blend of the military doctrines derived from the receding revolutionary past plus some appreciation of the realities of the nuclear era.

4. Making a virtue out of the necessities imposed by limited material resources and near isolation, Chinese defense doctrine continues to emphasize the virtues of self-reliance, the supremacy of men over arms, and the tactics of people's war. Their basic strategy for defense of the mainland still relies on mass, distance, time, and superior ideology. But the Chinese recognize that material means are important, even if not paramount. Thus, support programs for the armed services have always been given a high priority and support for nuclear weapons development has had priority above all.

5. In the main, the Chinese are not building forces or developing great capabilities or theoretical doctrines for out-of-country operations. Much of the conventional equipment being produced (e.g., Mig-19s, radars, and motor torpedo boats) is best suited to air and naval defense. A system of strategic petroleum storage areas has been constructed in locations which would serve mainly to support wartime military and civilian operations within the country. Equipment programs that would improve China's ability to project its power over long distances outside its borders do not seem to have had a high priority. Not much has been done to enlarge air and sealift capacity, and there apparently has been no major effort to improve troop transport capabilities of the ground forces.

6. The positioning of the forces-in-being also reflects concern with defense. Large ground forces are stationed opposite Taiwan and adjacent to Korea, and

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the bulk of the ground forces are deployed within a 150-mile deep strip along China's coast. The bulk of the naval forces are positioned to defend the northern and central coastal area, probably in recognition of this area's particular vulnerability to the powerful naval and amphibious capabilities of the US. The air defense forces are oriented toward defense of coastal areas.

7. Though we cannot be sure how the Chinese view their emerging nuclear capability, it could also fit into a generally defensive strategy. Given the tremendous imbalance in strategic strike capabilities which the Chinese cannot reasonably expect to alter in the foreseeable future, their development of such weapons would presumably be aimed at deterring a nuclear attack in the hopes of confining a war within limits most favorable to China. In any event, the Chinese are almost certainly motivated by prestige considerations, by their judgment that the acquisition of nuclear weapons will have a considerable impact on their overall political position, and by their desire to establish a more favorable military posture to support their foreign revolutionary programs.

8. Maoist revolutionary doctrine taught respect for the enemy and the need to avoid direct encounters with superior forces; this basic caution continues to guide Chinese military policies today. In our view this attitude also reflects Peking's continuing awareness of its own military and economic weaknesses, the risks of provoking a major attack, and, despite some brave oratory, a recognition that nuclear attack is not only possible but would be enormously destructive for China.

9. This is not to say that Peking's military and political strategies are passive. The threat of force and its actual use are still significant elements in Peking's outlook. There are several circumstances in which resort to military action is possible. They would almost certainly fight if attacked or if they believed the security of the mainland were threatened. If the collapse of Communist power in North Vietnam or North Korea seemed likely, from whatever cause, this would probably be regarded in Peking as posing such a threat and would thus lead to intervention with armed force. In the special circumstances of Vietnam, however, we cannot be confident at what point short of a large-scale invasion the Chinese might feel compelled to use their own combat forces. In other areas, such as India, Burma, Laos, and Thailand, the Chinese also might use force, if they deemed it necessary to protect China or to advance vital interests.

10. *Future Policy Problems and Prospects.* In its broad outline, China's strategic doctrines and policies realistically reflect the hard facts of the current strategic setting, the type of forces available, and the kind of war these forces could fight best. As for the future, it seems likely that the Chinese have not yet worked out a coherent strategic concept integrating their conventional and prospective nuclear capabilities. Some aspects of present military programs suggest a lack of coordination and phasing. It is possible that some programs, particularly in the advanced weapons field, are being pushed hard for political reasons and with less regard to practical military and economic considerations.

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It is also possible that the Chinese underestimate the costs and complexities of building a modern military establishment.

11. Once Mao is gone, a broad range of economic and strategic questions will probably be reviewed. Chinese aspirations for great power status have created basic, long-term policy problems. Probably the most critical of these is how to divide resources between military and civilian programs. A subsidiary question is how to distribute resources between conventional and advanced weapons programs and between the various branches of the Armed Forces. And these issues cannot be separated from such potentially divisive and key foreign policy questions as Sino-Soviet relations, the proper posture toward the US, or support to "liberation struggles" on the periphery of China. That there are probably conflicting opinions on these issues within the leadership of the PLA is given added significance by the political convulsions now wracking China.

12. *The PLA's Political Position.* No one can say with much confidence when or how these political convulsions will end or what they will mean for the role of the military in national politics, for military policy, or for the capability of the Armed Forces. At present there seems to be an effort at stabilization and consolidation. It cannot be excluded, however, that disorders will again become severe. If so, the economy and central authority could be disrupted, and China's military programs, particularly those in the advanced weapons field, could conceivably suffer serious delays or even total disruption.

13. Barring such a collapse, however, the general circumstances in China would seem to favor a greater role for the military in the decision-making process. In January, the PLA was officially ordered to intervene in the political struggle, ostensibly to protect the revolutionaries in their attempt to seize power. As a result, the PLA now seems to be assuming an ever increasing role not only in administrative and control functions in the provinces, but in national politics as well. Indeed, events of the past year have so disrupted the party and other traditional control elements and created so much tension in Chinese society that it is difficult to see how any leadership—Maoist or otherwise—could reduce the heavy reliance on the Armed Forces for internal control.

14. Despite its enhanced political influence, we cannot be confident of the PLA's cohesion in advancing a common position. Factionalism has already appeared in the top command and there have been purges of important military figures. The old issue of professionalism versus political indoctrination may have contributed to the downfall of the Chief of Staff, Lo Jui-ching. But it is also possible that a broader range of issues was in dispute; for example, the Vietnam war may have provoked debate over the likelihood of war with the US, the proper strategy in the face of a confrontation with the US over Vietnam, and the advisability of "joint action" with the USSR.

15. In the provinces, the response of individual commanders to the cultural revolution has been ambiguous. Some military figures may have opposed the "cultural revolution" within the army, and others may have been reluctant to see the PLA used in the political struggle. In any case, many commanders were

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forced to rely on their own judgments. In general, the army seems to have maintained its discipline and most of its actions in the "cultural revolution" suggest that its primary concern is with stability.

16. *Economic Problems.* Even with political stability and united councils, the Chinese will have to cope at some point with some distressing economic facts. The economic burden of China's military and military-related programs is heavy and will almost certainly become heavier. Although the data for making computations are most inadequate, we calculate that expenditures on these programs may be as high as 10 percent of China's gross national product (GNP). More significant than this highly generalized accounting is the fact that weapons programs use manpower and materials of the highest quality and absorb a very high proportion of China's modern investment. The cumulative effect over a period of time of concentrating scarce resources on weapons programs could be to threaten China's ability to solve its basic economic problems.

17. Production of major items of military equipment either slowed down or virtually ceased after mid-1960 following the collapse of the Great Leap Forward and the withdrawal of Soviet technical assistance. Research and development (R and D) costs, on the other hand, probably increased after the Soviet withdrawal and continued to climb as R and D programs expanded and matured to include actual testing programs. Annual expenditures for hardware, which during 1961-1968 must have fallen well below their pre-1960 level, probably started to climb again in 1963 and rose more rapidly in the years thereafter. Thus total expenditures for the military are now probably at an all-time high.

18. China is now at the point where it faces further and possibly steeply rising expenditures if it continues its present programs and moves on to the deployment of weapons under development. Not only will outlays for new equipment increase, but, as this more sophisticated equipment becomes operational in military units, maintenance costs will be growing at increasingly higher rates. For example, in the case of radar production it is calculated that between 1966 and 1968 the portion of total output that went into replacement and maintenance increased from one-quarter to one-half. There will be more demanding standards for the technical qualifications and training of personnel required to operate more modern equipment and this, too, will cause costs to rise.

19. *Scientific and Technological Capabilities.* The Chinese are at least investigating the problems connected with most aspects of conventional military technology, as well as the more advanced weapons such as missiles and nuclear weapons. If the project were given sufficient priority and time, China's scientific and technological manpower is probably capable of providing the R and D necessary for the production of most any type of conventional or advanced weapon. China lacks the scientific, technical, and trained manpower base, however, for the simultaneous development of a full range of weapons and their production in quantity. This will remain true at least through the early 1970's.

20. Since 1960, when China was cut off from needed technical support by the USSR, the Chinese have been able to offset some of their technological weak-

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nesses by importing critical items that have materially assisted their military programs. China has been purchasing in increasing quantities such items as special steels, refractory metals, special purpose lathes and other machine tools, scientific instruments, and other electronic equipment. China's purchases of complete plants have also expanded considerably since 1963. Some of these plants will provide important inputs to the buildup of China's military industrial base. Moreover, the purchase of advanced Western technology and equipment for priority civilian sectors will free additional scarce Chinese scientific and technical manpower for use in military programs.

21. *Prospects.* Though China's political situation is confused and uncertain, we see little chance in the short run of a change in the basic policy of stressing military development. Given the military programs we can now identify, military expenditures will almost certainly outpace overall economic growth. This does not mean that progress in present military programs is likely to stop, but it does mean that they cannot be greatly expanded without quickly running into more serious economic difficulties.

22. At this time we cannot predict with much confidence which programs the Chinese will favor in the future nor can we predict in what quantities Peking will decide to turn out various items of equipment. There is a good chance that the Chinese themselves do not yet see the way clearly. The process of adjusting military programs may be slow and painful and itself a cause of continued dispute, both within the military and at the top level of national decision-making.

23. For the next few years, we do not foresee any basic changes in Chinese strategy, which is likely to remain essentially defensive in nature. In this strategic context, it would appear to make sense for them to proceed with a program for modernizing conventional forces at moderate rates, plus a priority program for deploying a modest number of strategic missiles to serve as a deterrent and for political purposes. On balance, we believe this is the course the Chinese will follow, particularly if a more moderate leadership emerges in Peking.

24. We have noted, however, anomalies in the size and nature of certain production facilities which suggest that the Chinese may have considerably more ambitious goals. If the Chinese do try to pursue a more ambitious course over the next few years, we believe they would risk serious long-term economic consequences and the possible disruption of the military programs themselves.

II. THE OUTLOOK FOR THE GENERAL PURPOSE FORCES AND AIR DEFENSE¹

25. There have been no significant changes in the organization or structure of the PLA or its constituent elements, the Chinese Communist Army (CCA), Navy (CCN), and Air Force (CCAF). The Ministry of National Defense (MND),

¹ See Annex A for a summary of the order-of-battle for the Army, Air Defense, and Navy.

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under the policy control of the Military Affairs Committee of the Party Central Committee, remains the senior military authority. The chief staff components of the MND are its three general departments: the General Staff Department, the General Political Department, and the General Rear Services Department. Most combat arms and services, such as the air force, navy, armored, artillery, and selected supporting organizations, are represented at the MND level by separate headquarters. However, there is no separate headquarters for the ground forces which are apparently controlled directly by the staff of the MND proper, or through the 13 military regions.

The Chinese Communist Army

26. While China is giving highest priority to the development of a nuclear deterrent, the main strength of the Chinese Communist military establishment will rest for many years on its large army and nearly inexhaustible reserves of manpower. The organization, deployment, and size of the army has remained relatively static. It numbers some 2.4 million. We can confirm the existence of some 118 combat divisions. We also believe there are some 21 independent combat regiments, and numerous combat support and service support divisions and regiments. It is likely that the strength and level of equipment of these units varies greatly. Nevertheless, if not faced with major opposition from a modern outside power, the Chinese could overrun their neighbors in Southeast Asia or Korea in a conventional attack. Moreover, China is in an excellent position to meddle in localized situations across its southern borders, where Chinese military presence and aid could be a decisive factor supporting a "war of liberation."

27. The CCA is a conscript army, but inasmuch as only a small percent of those eligible are taken into military service, the regime is able to be highly selective. Even so, the CCA has difficulty in finding or developing technical personnel. The extension of tours of service decreed in 1965 should help raise standards of technical training and experience. We believe that the extension in service tours was directed primarily to this end. There is no firm evidence that the extension resulted in an increase in the number of major units in the CCA, though there obviously has been some fleecing out of existing units.

28. If the Chinese Army undertook to engage in open warfare against modern opposition, these strengths in manpower would be offset by serious deficiencies. Much of the heavier military hardware in general use throughout the army is obsolescent by US and Soviet standards. The army also lacks the organic unit mobility necessary in modern warfare. Furthermore, Chinese infantry divisions are weak, by Western standards, in organic armor and artillery.

29. The Chinese have designated certain "on duty" or "alert" divisions. There are indications that the firepower and training activity of a number of divisions have increased. We are not sure how many divisions are involved nor what the basis is for their selection. However, this may be a program designed to bring selected units up to a higher level of military effectiveness.

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30. *Conventional Equipment.* The Chinese are self-sufficient in the production of small arms and ammunition and are making progress toward their goal of self-sufficiency in the production of heavier ground force equipment. Production at the Pao-tou tank plant picked up again after 1963 and we estimate current output at about 500 medium tanks a year. Some artillery units within the CCA have shown a steady increase in weapons of a variety of calibers (including 85/100 mm field guns, 122 mm and possibly 152 mm howitzers, and 160 mm mortars) over the past several years, indicating a fairly substantial artillery production program. Truck production is low, however, and there is no evidence of programs to produce a wide variety of armored equipment. Despite some general progress, we believe the Chinese will not complete their current modernization programs until the mid-1970's. While this will result in a substantial improvement in mobility and firepower, the technical level of Chinese equipment at that point will still lag considerably behind that of the US and USSR.

31. *Tactical Missiles.* There was some activity in 1966 that could be interpreted to mean a Chinese interest in short-range ballistic missiles. There is currently, however, no evidence of troop firing, deployment, or series production of such missiles. The Chinese have tested at least one fairly lightweight nuclear device and probably have the capability to produce such weapons for tactical deployment. For the next few years the limited supply of fissionable material will probably be committed to the strategic weapons program. Lacking the nuclear warheads for tactical missiles, the Chinese could use chemical or high explosive warheads; however, since other more conventional and accurate means of delivery are available for these types of munitions, it is highly unlikely that the Chinese would employ missiles for such a purpose. If Chinese military doctrine does call for the deployment of tactical missiles and if they have been under development at the missile test range, the Chinese probably could begin deployment by late 1967 or early 1968. We think this unlikely, however, and we estimate that deployment of tactical ballistic missiles will be delayed for some years until there is a much greater supply of fissionable material. There is no evidence of a Chinese program to develop antitank missiles or large artillery-type free rockets.

32. *Air Support.* The Chinese have no separate tactical air command, and we have no information concerning PLA doctrine on the use of aircraft in a close support role. At present any tactical strike or ground support mission would fall principally on the 270 or so obsolescent IL-28s in the CCAF and CCNAF, although several fighter regiments appear to have a ground attack mission.

33. The Chinese have an extremely limited airborne assault capability. China has three airborne divisions, all subordinate to the CCAF, but little is known about their training, equipment, strength, or of Chinese doctrine concerning the use of such troops. The principal limitation on the employment of Chinese airborne forces is the small size of the Chinese air transport fleet and the

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characteristics of the available aircraft. Available light and medium military transport aircraft could lift about 4,400 lightly-equipped troops or airdrop about 2,800 airborne infantry troops to a distance of about 500 n.m. Civil aircraft could augment this capability by about 50 percent. The only transport aircraft now in production in China is the single-engine AN-2 which can carry only 10 to 12 passengers. We have no evidence of preparations for producing a heavy transport aircraft. More up-to-date transport aircraft are being purchased by the Chinese on the foreign market at a rate of some 6 to 7 per year. In addition, acquisition of four AN-12/Cubs in late 1966 has increased the military airlift capability of the Chinese Communists. These aircraft are the first rear extraction aircraft in the Chinese inventory. Further purchases of this type aircraft from the Soviets would substantially increase the Chinese Communist airlift capability over the next few years.

The Air Defense Forces

34. The overall responsibility for air defense is vested in the Air Defense Command (ADC) of the CCAF. The ADC controls 9 air defense districts. It has at its command an extensive air surveillance and control network comprised of some 650 radar stations, a fighter force of about 2,300 aircraft (including some naval air), antiaircraft artillery (AAA), and a limited number of surface-to-air missiles (SAMs).

35. There has been a substantial improvement in early warning and ground control intercept capabilities with the deployment of indigenously produced radars. The radar network is now capable of providing warning against approaching aircraft flying at medium and high altitudes [REDACTED] low altitude coverage is negligible. Radar coverage extends along the entire length of the eastern and southern approaches to China and is substantially complete on the western approaches. The northern border approach is still mostly open, although radars cover avenues of approach from that direction to all important target areas in the interior. Further expansion and improvement of the air surveillance network is anticipated. The electronics industry is one of the most sophisticated sectors of Chinese industry. It is almost completely self-sufficient in the production of existing radar types, and is actively engaged in the development of newer, more specialized equipment.

36. [REDACTED]

[REDACTED] The Chinese have, on occasion and in response to specific situations, modified their air defense control structure in order to achieve more effective control of the air defense organization in a limited area. Such measures provided only marginal and short-term improvements. While the Chinese air defense system is capable of coping with minor incursions over its air space, we believe that the limitations [REDACTED] would result in an almost complete disintegration of the air defense system in the event of a large, concerted air attack on the mainland. There will be improvement [REDACTED] during the next few years. However, the costs

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are too high, the technology too sophisticated, and the requirements too great for the Chinese to develop a system capable of coping with a major air attack over the next several years.

37. The Chinese fighter force consists of some 1,800 obsolete Mig-15s and Mig-17s, 500 or more Mig-19s, and 25-35 Mig-21s. A major improvement in the fighter capability has resulted from the resumption of Mig-19 production at Shen-yang at an estimated rate of 20-25 aircraft per month. Thus, the Mig-19 force has tripled since 1965. We think that production of the Mig-19 will continue at this rate, at least until a more modern fighter becomes available.

38. In this connection, we believe that the Ch'eng-tu plant should now be ready to produce Mig-21 aircraft. If we are correct in this judgment, Mig-21s could be entering operational service in small numbers in 1968 and in increasing numbers in 1969. The Chinese have claimed to be working on an improved version of the Mig-19. Even if this is so and they decide to produce such an aircraft in quantity, it could not be available for several years and we continue to believe that Mig-19s and Mig-21s will be the mainstay of the OCAF into the 1970s.

39. Probably less than 10 percent of the fighter force has airborne intercept equipment, but those aircraft that do are distributed among units along the southern and eastern periphery. Air-to-air missiles (AAMs) of the Soviet AA-2 type are believed to be available for use and the Chinese may be producing a limited number of them.

40. The air defense system includes, in addition to the fighter force, a point defense system involving 19 or 20 air force AAA and at least 6 army AAA divisions which are more lightly gunned. Since early 1965, China has shifted some of the weight of its AAA to the southern provinces adjoining North Vietnam and into North Vietnam.

41. In addition to the deployment of conventional, tube artillery, the Chinese have a limited SAM capability. Some 35 deployed sites have been built, but at least 13 were later abandoned. Of the remaining 22 sites, no more than 12 are believed to have been occupied at any one time. The administrative subordination of the SAM units is not known, but they are probably operationally subordinate to the various Air Defense Headquarters, and function in the same manner as conventional AAA units.

42. The Chinese are working on SAM development. The SAM R and D facilities at the Shuang-ch'eng-tzu Missile Test Range have been modified several times since 1964. A new SAM unit training site was built in 1966, the technical training facility was expanded, and a solid propellant plant large enough to support series production of SAMs is nearing completion at Tai-yuan. There is also some evidence that the Chinese are producing a few missiles to replenish the small stock of missiles supplied by the USSR before the 1960 crisis in Sino-Soviet relations.

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43. We are not sure, however, that this activity presages a major deployment program. The Chinese must have learned from North Vietnam's experience that a large number of SAMs, supported by heavy concentration of AAA, are required to defend even a relatively limited area. They also have seen that the US has the capability to counter the Soviet SA-2 system with considerable effectiveness. Thus a decision regarding SAM deployment exemplifies a general dilemma facing Chinese military planners: whether to build and deploy at great cost a weapon system that at best can only partially fulfill a requirement and which would compete for resources with other high priority programs.

44. The Chinese will no doubt continue developmental work on SAMs, probably hoping to improve on the SA-2 system. In the meantime, we believe there is a fairly good chance that the Chinese will begin a program to deploy SA-2s for a point defense of a few key targets. We do not know which or how many targets the Chinese would select in the initial stages for such a defense, but facilities associated with advanced weapons program are likely candidates. This could involve at least some 20 areas and if the Chinese followed Soviet practice even this limited deployment would require 80 to 100 battalions and approximately 2,000 to 3,000 missiles. We estimate that it would take the Chinese 4 or 5 years to deploy an SA-2 force of this size.

The Navy

45. The OCN is growing rapidly but remains principally an offshore patrol and escort force. It consists of 11 principal surface ships, 34 submarines, about 585 smaller combatants and a variety of amphibious, auxiliary, and service craft. Headquarters is located in Peking and the operational forces are distributed among three major fleets.

46. Several programs now underway are contributing to the gradual development of Chinese naval capabilities. The OCN force of torpedo attack submarines continues to expand at the rate of 2 to 3 units a year. Construction of the W-class submarine has stopped and the Chinese are concentrating on production of the R-class. Five R-class have already been built and we believe that a total of about 10 more will be built by 1970. The Chinese have also

[REDACTED] and commissioned at least one submarine tender, providing the OCN with some capability for supporting out-of-area submarine operations.

47. Another significant program is the construction of various types of coastal patrol craft. Since 1965, about 100 fast patrol boats of native design have been added to the fleet. A construction program for the OSA/KOMAR guided missile boats began in 1968 and is proceeding at an estimated rate of about 10 a year.

[REDACTED] we believe the Chinese are producing missiles for these boats. These craft with a range of several hundred miles could extend their operations into the Tonkin Gulf and the Yellow Sea.

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48. There is still no indication that the Chinese plan to develop or further deploy a land-based cruise missile for coastal defense. There are three confirmed sites: one for R and D and training, one for tactical use, and one inactive.

49. The South Sea Fleet, the weakest of China's three fleets, is being strengthened. Numerous fast patrol and torpedo boats, including a native designed hydrofoil type, have appeared in the South Sea Fleet. Shipbuilding and shore installations in South China have also been significantly expanded and modernized. In 1965, the Chinese began producing destroyer escorts of a native design (Kiangnan-class) in the Canton area, which now ranks second to Shanghai in shipbuilding capability.

50. The CCF's troop lift capability with amphibious ships and landing craft is about two infantry divisions (28,000 troops) or one infantry and one artillery division (30,000 troops), but we have not observed any troop training involving amphibious operations. In port-to-port operations, ships of the merchant marine fleet could deliver about four infantry divisions (up to 48,000 troops). In addition, in operations where the use of smaller ships and craft is feasible, the Chinese could employ literally thousands of junks for transporting troops and light equipment. The Chinese have not built any LST, LSM or large troop transports, but they are building substantial numbers of large landing craft and naval auxiliaries.

51. We believe that the CCF's program of expansion and modernization will continue and that its capabilities for operating close to China's shores will substantially increase. The Chinese lack training and experience in operations away from their own waters, however, and have as yet shown no interest in undertaking such operations. Once begun, it will take them several years before they can develop a significant operational proficiency.

The Outlook

52. The present outlook is for a gradual but general increase in the capabilities of the Chinese Communist general purpose and air defense forces as the process of modernization goes forward over the next few years. All arms and services are likely to share in this progress. Thus far we see no evidence that the political turmoil has affected the fighting capabilities or interfered with military production programs. But now the PLA is assuming more and more noncombat tasks and if this trend is long continued it would almost certainly affect the capabilities of the Chinese forces.

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ANNEX A

CHINESE COMMUNIST ORDER OF BATTLE

A. Army

1. The Chinese Communist Army (CCA) is estimated to include 118 combat divisions (107 infantry, 3 airborne,¹ 5 armored, 3 cavalry), 24 combat support divisions, 20 border/internal defense divisions, 11 railway engineer divisions, and some 118 combat and combat support regiments, 36 service support regiments, and 40 border/internal defense regiments. These units vary widely in equipment and military effectiveness.

2. The main field command organization in the CCA is the army, of which there are some 35. The typical CCA army includes 3 infantry divisions and 1 artillery regiment, and probably numbers about 50,000 at full strength. There is nothing in the CCA analogous to the Soviet combined arms or tank armies.

3. For administrative purposes, mainland China is divided into 13 military regions (see map), and these are divided into subordinate districts which in most cases conform to provincial boundaries. These are territorial rather than operational commands.

4. We estimate that at full strength the standard infantry division would number about 14,000 officers and men. Its principal combat elements would be 3 infantry regiments, 1 artillery regiment, and 1 tank/assault gun regiment. Its heavy equipment, all of Soviet type, would include T-59 and T-34 tanks, and SU-76 and SU-100 assault guns. The division would have a large number of mortars (82 mm, 120 mm, and 160 mm), as well as 57 mm, 76 mm, 85/100 mm guns and 122 mm howitzers. In addition to the standard infantry division the Chinese have light divisions for use in mountainous and other difficult terrain. These type units are similar to the standard division, but do not have the tank/assault gun regiment and are equipped with lighter artillery.

5. The Chinese armored division at full strength would number about 8,000 officers and men. Its principal combat elements would be 2 armored regiments, 1 artillery regiment, and 1 infantry regiment. Its heavy equipment would include T-59 and T-34 tanks, a few JS-1 or JS-2 heavy tanks, and some JSU-122

¹One army, the 10th Air Army, consisting of the three airborne divisions, is subordinate to the CCAF, but is, for the purpose of this paper, included with the CCA.

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and JSU-152 assault guns. In addition the division would have a small number of mortars, 76 mm, 85 mm, and possibly 100 mm guns, and 122 mm howitzers.

6. The CCA has two types of field artillery divisions. The gun division would have about 5,400 men at full strength; it usually has 3 regiments equipped with 122 mm guns and 152 mm gun-howitzers. The howitzer division would have about 6,300 troops; it is normally organized into 3 artillery regiments equipped with 122 mm and 152 mm howitzers, and probably a rocket launcher regiment, equipped with 122 mm or 140 mm multiple rocket launchers.

7. [redacted]

[redacted] It appears likely that the so-called "alert" divisions have had priority in the modernization program. They may be at or near the personnel strength and equipment levels of the formal TO&E described above; others probably fall short of what the TO&E calls for, and some may be well below this standard.

TABLE 1
ESTIMATED NUMBER OF ARMY UNITS 15 MARCH 1967*

	NUMBER OF UNITS
Army Headquarters	35 ^b
Combat Divisions	118
107 Infantry	
3 Airborne ^a	
5 Armored	
3 Cavalry	
Border/Internal Defense Divisions	20
Combat Support Divisions	24
15 Field Artillery	
3 Antitank	
6 AAA	
Service Support Divisions	11
11 Railway Engineer	
Combat Regiments (Independent)	21
5 Infantry	
6 Tank	
10 Cavalry	
Border/Internal Defense Regiments (Independent)	40
Combat Support Regiments (Independent)	61
11 Field Artillery	
6 Rocket Launcher	
35 Engineer	
9 Signal	
Service Support Regiment (Independent)	36
35 Motor Transport	
1 Railway Engineer	

* We estimate no substantial change in these figures through 1969.

^b One army, the 10th Air Army, consisting of the three airborne divisions, is subordinate to the CCAF, but is, for the purpose of this paper, included with the CCA.

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B. Air Force

8. The Chinese Air Force and Naval Air Force (CCAF and CCNAF), number slightly more than 214,000 men and are equipped with some 2,800 aircraft. The largest active operational unit in the CCAF is the Air Division, with each division consisting of 2 to 3 regiments. The CCAF has a total of some 80 regiments including 65 fighter regiments (Mig-15/Mig-17/Mig-19/Mig-21), 10 attack regiments (Mig-15/IL-10), 8 jet light bomber regiments (IL-28), 5 prop light bomber regiments (TU-2) and 1 medium bomber regiment (TU-4/TU-16). (See Table 2 for aircraft totals by type.)

9. Attrition is taking an increasing toll of the jet light bomber force and has already reduced the original force of some 450 to its present strength of approximately 370. The number of sorties flown per month by the average IL-28 pilot is probably barely sufficient to maintain minimum proficiency. However, the fact that many pilots have been flying these same aircraft for up to 10 years would probably provide the bomber force with sufficient experience to conduct daytime medium-altitude bombing missions. With less than 10 percent of training done at night, it seems likely that the night and radar bombing capabilities of most crews would be very marginal.

10. The strength of both bomber and fighter units has been gradually reduced during the past few years. IL-28 regiments, originally consisting of about 30 aircraft each, now are believed to possess only about 15 aircraft per unit. Fighter regiments, with a previous strength of 35 aircraft, have also been reduced due to attrition, and now have no more than 25 aircraft. With the advent of Mig-19 production, however, this trend will be reversed.

11. The Air Defense Command (ADC) is the only major command in the CCAF. For air defense purposes, both CCAF and CCNAF fighters are controlled by the ADC through its nine air defense districts. These districts are further subdivided into zones and sectors.

12. The air defense weapons system includes, in addition to the fighter force, 19 or 20 antiaircraft artillery (AAA) divisions administratively subordinate to the CCAF. The AAA divisions are operationally subordinate to the CCAF Air Defense Headquarters in the area in which they are located, just as are other CCAF air divisions. The administrative subordination of the surface-to-air missile (SAM) units is not known. Undoubtedly, however, these units are operationally subordinate to the various Air Defense Headquarters, and function in the same manner as conventional AAA units. Some 35 deployed SAM sites have been built, but at least 13 were later abandoned. Of the remaining 22 sites, no more than 12 are believed to have been occupied at any one time.

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TABLE 2

ESTIMATED NUMBERS OF MILITARY AIRCRAFT (1967-1969)

	15 MARCH 1967		1 JANUARY 1969	
	CCAF	CCNAF	TOTALS	
Fighter				
Mig-15/Fagot	330	0	330	50-100
Mig-17/Fresco	1,185	215	1,400 ^a	1,100-1,400
Mig-19/Farmer	485	105	590 ^b	725-850 ^c
Mig-21/Fishbed	35	0	35	75-125
Bomber				
TU-2/Bat	75	10	85	0-25
IL-28/Beagle	135	115	250	175-225
TU-4/Bull	13	0	13	0-10
TU-16/Badger	2	0	2	4-8
Transport				
Medium	13	0	13	25-35
Light	180	10	190	200-250
Reconnaissance				
BE-6/Madge	0	5	5	0-5
Helicopter				
MI-4/Hound	135	15	150	300-350

^a Approximately 20 percent possess all-weather capability.

^b Approximately 25 percent possess limited all-weather capability.

^c We would expect this figure to be less if an intensified production of the Mig-21 occurs.

C. Navy

13. General. Present ship strength of the OCN includes 34 submarines, 4 destroyers, 7 destroyer escorts, and about 525 smaller combatants, including at least 8 guided missile patrol boats. Personnel strength is estimated at about 142,000, including 17,000 in the naval air force.

14. Administrative and operational control over the naval forces is exercised through the Commander-in-Chief of the Navy. Orders from the Minister of National Defense are passed to the Commander-in-Chief of the OCN via the General Staff for information and coordination. OCN Headquarters is located in Peking. The OCN is comprised of three major fleets: North Sea Fleet with headquarters in Tsingtao, East Sea Fleet with headquarters in Shanghai, and South Sea Fleet with headquarters in Chan-chiang (Fort Bayard). The North Sea Fleet is the major Chinese fleet and includes over half of the submarines and destroyers. Submarines currently operate only in the North and East Sea Fleets.

15. The CCNAF fighter regiments, charged with the protection of Chinese territorial waters, are administratively controlled by CCNAF Headquarters at Peking through the fleet headquarters. In their air defense role fighter units are operationally controlled by the ADC of the CCAF. The bomber regiments are controlled by the fleet headquarters.

16. The CCNAF includes 12 fighter regiments of about 30 fighters each, and 6 jet light bomber regiments (30 IL-28s each). Naval IL-28 bombers have

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been detected in activity which suggests these aircraft may have a torpedo attack capability.

TABLE 3

ESTIMATED NUMBER OF NAVAL UNITS (1967-1969)

	15 MARCH 1967	Mid-1969 *
	<u>TOTALS</u>	
Type		
Principal Combatant:		
Old Destroyer (ODD)	4	4
Destroyer Escort (DE)	7	12-18
Ballistic Missile Submarine (SSB)	1	1-3
Submarine (SS)	33 ^b	36-39
Patrol:		
Old Patrol Escort (OFF)	16	
Submarine Chaser (PC)	23	26-28
Fast Patrol Boat (PTF)	120	200-220
Motor Torpedo Boat (PT)	186	
Hydrofoil Motor Torpedo Boat (PTH)	20	70-80
Motor Gunboat (PGM)	57	
Old Motor Gunboat (OPGM)	3	
Guided Missile Patrol Boat (PTG/PTGC)	8-10	30-40
Mineswarfare:		
Minesweeper, Fleet (MSF)	20	28-32
Minesweeper, Coastal (MSC)	35	
Minesweeper, Coastal (Old) (MSC(O))	4	
Minesweeper, Auxiliary (MSA)	20	
Amphibious:		
Tank Landing Ship (LST)	20 (8) *	
Medium Landing Ship (LSM)	13 (11) *	
Landing Ship Infantry (LSIL)	16	
Utility Landing Craft (LCU)	10	
Landing Craft Mechanized (LCM/LCT)	220	250-260
Auxiliaries:		
Miscellaneous Auxiliary (AG)	35	
Light Cargo Ship (AKL)	11	
Net Laying Ship (AN)	6	
Oiler (AO/AOL)	15	
Landing Craft Repair Ship (ARL)	1	
Small Submarine Tender (ASL)	1	
Ocean Tug (ATA)	10	
Service Craft (various types)	349	

* Blank spaces indicate a lack of sufficient data to make useful projections.

^b Includes 21 "W" class, 3 "M-V" class, 4 "S-1" class, 5 "R" class.

* Numbers in parentheses are additional units in merchant service.

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ANNEX B

MILITARY INDUSTRIES

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ANNEX B

MILITARY INDUSTRIES

A. Production of Ground Forces Equipment

1. At least 10 major plants are involved in the output of finished military equipment and about 30 plants are involved in explosives/ammunition production. Except principally for infantry weapons, little is known about current production rates for specific military equipment. [REDACTED]

2. The vast majority of Chinese Communist Army (CCA) weapons and vehicles are of Soviet design, and many of the older artillery pieces and all of the T-34 tanks are Soviet manufactured. Nevertheless, the Chinese now appear to produce all of the small arms, conventional ammunition, and T-59 tanks, some of the field and antiaircraft artillery and chemical munitions, and most of the transport vehicles found in the CCA.

3. Production of small arms is believed to be more than adequate to meet CCA unit requirements as well as to provide for a large reserve inventory. Samples of Chinese-produced weapons obtained in Vietnam have shown that small arms currently in the hands of CCA soldiers are well-made, rugged, and entirely adequate for their intended use. Future production rates are contingent on several factors, the most immediate of which is the conflict in Vietnam. However, the Chinese will probably not produce above the present rate and will probably reduce small arms production over the next few years.

4. [REDACTED] photography indicate that current production of field and antiaircraft artillery includes 57 mm antiaircraft guns, 85 mm and 100 mm field guns, 122 mm howitzers, and, possibly 152 mm howitzers. Even so, a substantial part of the CCA's total inventory of medium and self-propelled artillery was obtained from the USSR. Major Chinese artillery plants are located in Ch'i-ch'i-ha-erh, Pao'-ou, and Tai-yuan.

5. There is no evidence that the Chinese are now building T34s, assault guns, or heavy tanks. The T-59, currently in production, appears to be a copy of a Soviet medium tank, T-54A. The Chinese are believed to have begun producing

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the T-59 in late 1958. In 1961 the combined effect of the Soviet withdrawal and failure of the "Great Leap Forward" caused production either to slow considerably or perhaps to stop entirely for a time. If production did stop, it probably was resumed on a limited scale in 1962, but did not recover entirely until 1965. We now believe it is producing at a rate of 400-600 a year. Major operating tank facilities include an assembly plant at Pao-t'ou, a diesel engine plant at Ta-t'ung, a refitting and parts plant in Harbin. A research and development (R and D) center is located in Ch'ang-hsin-tien.

6. The current CCA inventory of wheeled transport vehicles is believed to be in the vicinity of 150,000 vehicles and is composed of a heterogeneous collection of Soviet, Chinese, and European-built vehicles. The majority of the Chinese trucks are produced in the Vehicle Plant Number 1 in Ch'ang-ch'un which was completed with Soviet technical and material assistance in late 1956.

B. Aircraft Industry

7. The Chinese Communists have given the development of military aircraft a high priority.

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There are five centers of the aircraft industry in Communist China: Shen-yang, Sian, Ch'eng-tu, Nan-ch'ang, and Harbin. Three of these centers, Shen-yang, Nan-ch'ang, and Harbin are currently producing aircraft. The facility at Ch'eng-tu appeared completed by late 1964, and the facility at Sian in late 1966, although there is no indication of production as yet.

8. Chinese aircraft production began in 1956 with production of the Mig-17s at Shen-yang, where the Soviets had helped the Chinese build an airframe and jet engine plant. There is good evidence that this plant was retooled in the late 1960's, and that by 1959 or 1960, the Chinese began to assemble Mig-19s from Soviet supplied components. Assembly apparently ceased in 1960 with the Sino-Soviet rift. After a delay of several years, the Chinese resumed production of the Mig-19 at Shen-yang. This plant is currently believed to be producing at a rate of some 20-25 aircraft per month, with more than 500 Mig-19s produced since the resumption of production.

9. In the late 1960's, the Chinese began construction of a second fighter production complex at Ch'eng-tu. Construction continued at the plant in the early 1960's, and by late 1964 both the airframe and jet engine plants were apparently completed. As of 1 January 1967 the factory does not appear to be engaged in anything other than possible repair and maintenance. Older type aircraft (Mig-15/Mig-17s) have used the factory airfield, but apparently in an air defense capacity. Despite the delay in production, it is still estimated that a more advanced type of jet fighter, presumably the Mig-21, will be produced at Ch'eng-tu. The delay in the appearance of such aircraft may result from difficulties in producing this more complex aircraft.

10. A factory at Harbin is currently producing MI-4 helicopters, at a rate of about 10-12 per month. Production is believed to have resumed in 1965. The

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aircraft plant at Nan-ch'ang which has been in production since the late 1950's, is currently producing AN-2 light transports and basic training aircraft of the Yak-18 type. While aircraft production at this plant never ceased entirely in the early 1960's, it was drastically reduced. As of 1 January 1967, the plant is estimated to be producing aircraft at a rate of some 10-12 AN-2's and 1-2 of the Yak-type trainers per month.

C. Missile Production

11. Chinese production of air defense type guided missiles (SAMs, AAMs) may be underway. [REDACTED]

[REDACTED] several factories in the Tai-yuan area are considered good candidates for current production. Located at Tai-yuan are solid propellant production and testing facilities, munitions plants, and an electronics plant. These facilities are believed capable of producing both SAMs and AAMs.

12. In addition to the Tai-yuan complex, the Chinese have built a major solid propellant production and testing facility at Hu-bo-hao-t'e, in Inner Mongolia. This new facility, currently in the final stages of construction, is probably capable of producing various solid propellant grains in substantial quantities.

D. Naval Construction

13. Naval shipbuilding in Communist China has followed a pattern similar to that of other military industries. The Soviets assisted in establishing shipyards and while the Chinese were learning the technology, the Soviets supplied components which were assembled in China. Chinese Communist construction of modern units began under Soviet supervision during the 1955-1960 period. Following withdrawal of Soviet aid, their construction was severely curtailed and remained so for several years. In late 1963 an active program of ship production resumed. The Chinese have been constructing some Soviet class ships as well as increasing numbers of indigenously designed or modified ships of various classes. The naval shipbuilding industry has progressed to a level higher than that achieved prior to 1960, and several shipyards are currently being modernized and enlarged.

14. Chinese Communist submarine construction, initiated under the Soviets, virtually ceased in 1960 due to the Sino-Soviet rift. However, the outfitting of four "W" class units previously launched continued. By 1963, 21 "W" class submarines had been constructed in China, 15 at Shanghai and 6 at Wu-ch'ang, from Soviet supplied components.

15. In 1962, construction of "R" class submarines began at Shanghai and Wu-ch'ang. Currently, five "R" class units appear to be operational. While the "R" class construction program is continuing at Wu-ch'ang, it appears to have been interrupted at Shanghai. How many of this class submarine the Chinese intend to construct is not known, but we believe that a total of about 10 more will be built by 1970.

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16. A single "G" class ballistic missile submarine was constructed at the Luta Shipyard, Dairen, between 1963 and 1964. The Soviets almost certainly provided the hull design, and may have supplied components for the vessel, as well. We have no evidence that the Chinese are now constructing any more of this class submarine.

17. Two years after the withdrawal of Soviet assistance, the Chinese began production of a number of native-designed craft. Twelve Shanghai class PTFs appeared in production at Shanghai from 1959 to 1961; production of an enlarged version of the Shanghai class began at Dairen in 1963 and has reached the rate of about 50 units per year. Other native-designed units include the Hainan class subchaser and Huchwan class hydrofoil torpedo boat (PTH). Three and possibly four of the Hainan class subchasers were constructed at the Huangpu Shipyard, Canton, from 1964 through 1966. The Huchwan class PTHs are constructed in Shanghai. The extent of the latter (PTH) program is not known, although some 17 units had been produced by 1967. The most significant product of the Chinese naval design program is the Kiangnan class destroyer escort, the first of which completed fitting out at Shanghai in 1966. Construction of additional Kiangnans began at Canton in 1966 and is continuing. Three units are currently operational, and two more are under construction at Canton.

18. Numerous other small combatants and support units, primarily of Soviet design are under construction at the various shipyards. It became evident in 1966 that the Chinese were producing guided missile patrol boats of both the OSA and KOMAR classes.

[REDACTED] Additional T-43 class minesweepers are being constructed as are P-6 class PTs. About 12 of the latter are believed to have been produced at the Huangpu Shipyard since late 1966, and the program may be continuing.

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YAN JOURNEY

RADAR COVERAGE

- Estimated Average GCI Range
- Estimated Average SW Range
- Estimated Additional SW Coverage

0 500 Miles
0 800 Kilometers

SAT OF BANGAL

[illegible]

[illegible]

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- Naval Activity
- Fleet Headquarters
- Fleet Boundary

0 200 400 Miles
0 200 400 Kilometers

1. Dairen
2. Hakou
3. Port Arthur
4. Chefoo
5. Wei-hai
6. Tientsin
7. Ling-shan-wai
8. Liao-yun-chiang
9. Shanghai
10. Tientsin
11. Te-bahai Tso
12. Kuan-shung-tsun
13. Pu-san-chang
14. San-tso
15. Foochow
16. Hai-t'an Tso
17. Amoy
18. Swatow
19. Hong-gu
20. Canton
21. Hsiao-chiang-shou
22. Shang-hai-shan
23. Chan-chiang
24. Hai-k'ou
25. Ching-an
26. Yu-lin

3 OPF 6 PMH
32 PT 2 MRF
2 PFB 3 PC
12 SS 2 PW
2 PFB

4 OOD 4 LST
7 SS 1 LHM
4 PC 4 MRF
12 PT 9 MRA
4 PMH 2 PTF
3 LSL

9 PT

3 DE 2 PC 11 LSL
6 SS 6 MRF 6 LCU
9 OPF 10 PMH 11 MRA
26 PTF 9 LST 26 MRM
36 PT 6 LHM 1 ABL
1 PTF 16 PMH 1 PFB

2 DE 2 PTF
2 PC 11 PTF
10 PMH 2 LST
2 OPM 4 LHM
6 MRF 2 LCU
1 OPF

8 PTH 1 LCU
4 PMH 1 LST
4 MRO

12 PT

10 PTF
12 PT
100 260
HAINAN

4 PC
12 PT
6 PMH
2 LSL
1 LCU

SOUTH SEA FLEET
SOUTH CHINA SEA

1 OOD

4 LST
26 PTF
2 SS
2 PMH

SEA
OF
JAPAN

NORTH SEA FLEET

EAST CHINA SEA

EAST

SEA

FLEET

TAIWAN

PHILIPPINES

SECTION 27

NIE 13-7-67

The Chinese Cultural Revolution

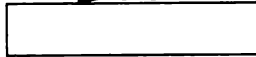
25 May 1967

APPROVED FOR RELEASE
DATE: MAY 2004

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NIE 13-7-67
25 May 1967

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NATIONAL INTELLIGENCE ESTIMATE
NUMBER 13-7-67

The Chinese Cultural Revolution

Submitted by



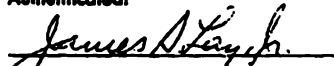
DIRECTOR OF CENTRAL INTELLIGENCE

Concurred in by the
UNITED STATES INTELLIGENCE BOARD

As indicated overleaf

25 May 1967

Authenticated:


EXECUTIVE SECRETARY, USIB

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Nº 617

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THE CHINESE CULTURAL REVOLUTION

CONCLUSIONS

A. The political crisis in China continues. No end is in sight. Among the several possible outcomes, no one is distinctly more likely than others. But whatever its ultimate resolution, the Great Proletarian Cultural Revolution has already done immense damage to the top leadership and the party, has profoundly altered the internal power structure, has greatly unsettled all levels of Chinese society, has unleashed new forces of instability, and has contributed to China's growing isolation in the world.

B. We have no evidence that the Cultural Revolution has yet had any significant effects on the military capabilities of the PLA or on China's advanced weapons programs. But the PLA is assuming more and more noncombat tasks and if this trend long continues it would almost certainly affect its combat capabilities.

C. Instability and confusion are likely to persist so long as Mao retains sufficient power and vigor to push his designs for remoulding the party and combating real and imagined threats to his doctrines and policies. Mao could misjudge his power position and go too far. He is now heavily dependent on the military for support; too vigorous efforts to bridle the armed forces could produce a coup against Mao or even fragmentation of the country and civil war. But these are extreme cases and we think it more likely that a basic tendency toward preservation of national unity will persist, despite the divisive impact of the Cultural Revolution.

D. Looking beyond Mao, the Cultural Revolution has made it more likely that the succession will be a disorderly and contentious struggle. The military may play a decisive role, but Lin Biao would not necessarily be their candidate. A collective including Chou

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En-lai, some of the military leaders, and even some of the now disgraced party figures, might emerge. In any event we believe that many of Mao's dogmas and practices are likely to be set aside. This might be a gradual process, though it could come more rapidly if unresolved internal and external problems have been aggravated during the last months or years of Mao's rule.

E. The political crisis has already focused the leadership's energies and attention on internal affairs and has at least temporarily damaged Chinese prestige abroad. Within this context, however, China has maintained a relatively active foreign policy, though it has become more rigid in international Communist affairs. For the most part Peking has maintained policy positions which were well established before the Cultural Revolution began. As long as the Maoists retain control, Peking is unlikely to make any important changes in the general line of its foreign policy. At any rate, in the short term, an unrelenting hostility to the US and the USSR is likely to remain the predominant feature of Chinese foreign policy. It is possible, however, that over the longer term, internal changes in the direction of moderation, if they do occur, will create more favorable conditions for reappraising foreign policy and perhaps for introducing elements of greater moderation.

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DISCUSSION

1. Only two years ago, the fortunes of Communist China seemed to be rising. Internally, the economy was recovering from the disasters of the Great Leap Forward and the split with the USSR. Chinese scientists had already exploded their first atomic device. Even the problem of succession to the aging Mao seemed to be safely resolved in favor of Liu Shao-chi and a unified collective leadership. Externally, China was making progress in its dispute with the USSR; Khrushchev, the arch-enemy, had fallen in disgrace; several Asian Communist Parties adhered to China's bloc and there was support and sympathy from a wide variety of other Communists in Europe, Latin America, and Africa. In Vietnam, the success of the Viet Cong promised early vindication of Mao's line on armed liberation. Trends in Djakarta also held out the prospect of a Communist success that would outflank all of South-east Asia.

2. Now the outlook for China has been drastically altered. Its leadership is in a sorry condition. The Chief of State and the General Secretary of the party are in disgrace, accused of treachery. Old revolutionary war heroes are discredited. Promising situations abroad have turned sour and foreign friends have been alienated. China is nearly isolated. For a few weeks early in 1967 there were serious and widespread disorders. The Great Proletarian Cultural Revolution has plunged China into the greatest political crisis in the regime's 17-year history.

I. THE COURSE OF THE CULTURAL REVOLUTION

3. In retrospect, it seems likely that tensions have been building up in the political leadership during the years after the collapse of the Great Leap Forward and the humiliating retreat from that policy. A degree of stability and order was achieved, but at the cost of abandoning many of Mao's programs. During this period Mao was remarkably withdrawn, though the various political and ideological campaigns came and went. It may be that Mao's political powers were partially circumscribed and his initiatives blunted. It is likely, as the posters have claimed, that some of his lieutenants did not consult him regularly and thus took some decisions out of his hands. This probably led Mao to seek means to reassert his authority and doctrines over the country.

4. Mao has an almost mystical faith in what mobilized and indoctrinated masses can accomplish. This lay behind such movements as the Leap Forward and the Socialist Education campaign, a precursor of the Cultural Revolution. His approach stresses ideological indoctrination and the inevitability of struggle in political development. Indeed, his preoccupation with "contradictions" may have led him to exaggerate the dangers of capitalistic and bourgeois remnants in China. Thus, he has insisted on "uninterrupted revolution" as the means to combat what he sees as a persistent threat from the right. Others among

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the leadership apparently believed that these matters could and should be submerged in the interest of getting on with the business of constructing a modern China.

5. In any case, Mao's dissatisfaction with the political situation must have been growing. We know from his conversations with foreign visitors that he was brooding over China's future. He indicated his concern over how little time might be left for him to complete his revolution. He expressed particular concern over the outlook of the younger generation, untried in revolution. And he was more and more obsessed that Soviet-style revisionism might infect China, especially after his death. Many of the themes which became prominent in the Cultural Revolution were strikingly expressed in the polemics with the USSR, especially in mid-1964.

6. It was in this state of latent tensions that new policy issues must have aggravated differences within the top command in Peking. The Vietnam war in particular and the threat of a war with the US were such issues. Related to them was the question of joint action in Vietnam with the USSR. Then, there was the practical question of a third Five-Year Plan. Perhaps the debacle in Indonesia added to the strains. Mao's suspiciousness may have led him to interpret policy disagreement as disloyalty. But in any event, by September-November 1965, Mao had apparently decided to make a move against his opponents. Whether these policy differences were the reason or merely the opportunity to open the attack is unclear. Mao may have decided sometime earlier, in the aftermath of the Great Leap, that his opposition in the party had to be removed if his general line were to be implemented.

7. An underlying issue must have been the question of Mao's successor. For years it had been widely known that Mao had designated Lin Shao-chi. But as his distrust of the party apparatus grew, he began to build up the Peoples Liberation Army (PLA) as a model of orthodoxy and to enhance the prestige of its leader, Marshal Lin Biao. This situation added to the contention and struggle and became particularly acute after the Central Committee plenum last August, which confirmed Lin as the heir apparent. Those who had staked their careers on Liu were struggling to survive his decline and downfall, and those around Lin were probably trying to capitalize on his new prominence. As a consequence, political maneuvers have been tense and convoluted. Not only were leaders acting to protect their own careers, but we assume that, wherever possible, they took the opportunity to embarrass or eliminate rivals. The curious charges against implausible culprits suggests that many attacks were designed to settle old scores. We cannot completely discount repeated references to an attempted "coup" in February 1966. At that time Mao may have detected moves that he interpreted as attempts to usurp his power. Or, more likely, those leaders who saw themselves threatened by the campaign launched in the fall of 1965 may have taken defensive measures to counter Mao.

8. The Cultural Revolution has passed through various phases. When it first became public in the spring of 1966, it appeared limited to bringing down the

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intellectuals and the party propaganda and cultural apparatus. By June, it had claimed the powerful Pong Chen and his Peking Party apparatus as major victims. In August, the Mao/Lin Biao forces won a showdown in the Central Committee. Despite the resulting demotion of Liu Shao-chi and Teng Hsiao-ping, party opposition appeared to be widespread in the provinces. The Red Guards were then unleashed for a frontal assault on the party apparatus. The immediate results were inconclusive and in October and November the extremes of the Red Guard movement were moderated. A new escalation followed in December when the revolutionary organizations were turned loose on the hitherto exempt factories and countryside, although the impact on the latter was somewhat less. By January the revolution was at its high tide, and party leaders were being deposed on a large scale, possibly with some PLA assistance. Disorder, confusion, and resistance were growing apace.

9. A major retreat then occurred as the PLA was brought in to restore order. In the process some Red Guard and "revolutionary" organizations were suppressed in the interests of stability. In the ensuing countercurrent, even Madame Mao criticized the "anarchy" of the young revolutionaries. The party cadres were granted a temporary reprieve from attacks and some were installed in positions of authority. But for many, the respite did not last. In March, some Red Guard units that had been criticized in February resumed limited and more controlled action, and senior governmental officials were again brought under heavy attack.

10. The situation remains highly fluid. The top leadership has not been stabilized; the purge has yet to run its course and may be intensified even within the PLA; struggles over the pace and direction of the revolution continue. The shape of the governing and control institutions and their political composition is still being worked out. Mao's revolutionary followers appear to be locked in intramural struggles for position and confusion continues. The restoration of regime authority throughout China remains a serious problem for the Maoists. Above all, the mental attitudes and physical health of Mao are uncertain.

11. To the degree that the Cultural Revolution represents a last effort by Mao and his supporters to determine the future of China, then they have scored a Pyrrhic victory at best. Mao has succeeded in tearing apart the bureaucratic apparatus. It is questionable, however, whether he can find experienced or talented people who are also loyal Maoists to reinvigorate the old party machine, to replace it, or to build a parallel power structure. The young activists have been treated to a taste of revolution, but thus far they have not inherited real power. Indeed, the more traditional forces, the PLA as well as what remains of the bureaucracy, seem to have proved indispensable. Without them China might have degenerated into chaos. Thus, after more than 18 months of revolutionary turmoil, Mao is still a long way from achieving his ultimate objectives.

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~~SECRET~~**II. MAJOR EFFECTS ON THE SYSTEM AND THE SOCIETY****A. Consequences for the Leadership**

12. The party purge has virtually demolished the top leadership. Within the Central Committee, no more than one-third of the members are apparently in good standing. Of the 26 members installed in the politburo in August 1966, only 7 are still clearly in good standing; 6 appear to have been purged, and the remainder have come under varying degrees of attack. There seems to be no clear pattern in these actions. Hard line leftists and presumably loyal Maoists have fallen; while some leaders who were thought to be more moderate have survived. The beneficiaries of one round of the purge have turned out to be the next victims. In some cases, leaders who were purged many years ago have been reinstated and assumed important posts.

13. In any event, Mao has stripped away much of the experienced command that has run China for the past decade or more. He is now relying on a small, incongruous group headed by Lin Biao and Chou En-lai, and including Mao's wife, his ghost writer and ideologue Chen Po-ta, and Kang Sheng, a party secretary with long associations with the secret police. Beyond this hard core, there has been no stable group that can be identified, and there are probably divisions and rivalry within the hard core.

14. Mao has not only demonstrated his ability to bring down prestigious leaders but also his willingness to do it regardless of their position or previous association with him. In these circumstances no one, including Chou En-lai and Lin Biao, can be sure of the future. There must be a great reluctance at all levels to assume responsibility or to take initiatives. The surviving leadership probably works in an atmosphere of deep mutual suspicion with personal survival an ever present concern. This situation must be having highly adverse effects on the decision-making process at the national level. Not only are many of the most experienced officials now in disgrace, but those remaining must find it difficult to carry on objective discussions on key economic, military, and foreign policy issues in the midst of the strain and suspicion induced by the Cultural Revolution.

B. Damage to the Party Structure

15. Mao probably launched his attack on the party not only to reduce its role, at least temporarily, but also to reconstitute its leadership. The extent and the tenacity of the opposition, however, may have forced Mao to widen his campaign beyond what he originally intended and to resort to mass action against the party by extra-party instruments. Even party officials spared in the purge have been humiliated by criticism and self-criticism. The result has been confusion in the party's chain of command, depressed morale, and a general erosion of authority throughout the apparatus.

16. It is possible that Mao intends to restore the party apparatus to its former place of authority. This could be a long and difficult process, particularly if the

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central authority should itself lack strength and unity. At present the party apparatus is discredited and must contend with an atmosphere conditioned by Mao's own attacks on the principle of unquestioned obedience to party authority. By undermining one of the main props of his power, and gaining the enmity of party leaders, Mao has made himself more dependent on the military.

C. Military Involvement

17. The PLA now occupies an important, perhaps decisive role in Peking and throughout China. On the political front it has assumed a leading position in the provisional administrative organs now being set up.¹ Moreover, it has been assigned administrative and control functions in economic and public security activities throughout the country. Thus far the PLA's primary action has been to restore order and maintain stability. But in assuming much of the party's function as an organ of control, the PLA has greatly enhanced its already powerful position.

18. The chaos of recent months, however, has also raised doubts about the cohesion of the PLA's top leadership. Factionalism has already appeared at this level and there have been purges of important military figures. Although the numbers do not compare to the losses in the party, the total may be large. Some military leaders may have been implicated because of close personal ties with disgraced party figures, others may have opposed the Cultural Revolution within the army, and still others may have been reluctant to see the PLA used in the political struggle. Thus far, the PLA has generally responded to Peking directives and authority.

19. A factor which continues to be divisive in the military leadership is the old issue of whether to stress political indoctrination at the expense of professional training. It also seems likely that a broader range of issues was in dispute; for example, the introduction of large-scale US forces in the Vietnam war probably provoked debate over the likelihood of war with the US and the proper Chinese response. In this context, the advisability of "joint action" with the USSR was almost certainly debated, both within the PLA and the top political leadership. Whatever the issues, the PLA has demonstrated that it is not immune to the policy differences that are troubling the regime. While this is not entirely a function of the Cultural Revolution, the confusion of the campaign brought latent problems to the surface and accentuated the policy disputes.

20. We have no evidence that the Cultural Revolution has yet had any significant effects on the military capabilities of the PLA or on China's advanced weapons programs. But the PLA is assuming more and more noncombat tasks and if this trend long continues it would almost certainly affect its combat capabilities.

¹ These organs are the "three-way alliances" which are made up of military personnel, representatives of the revolutionary masses, and party and governmental cadres who are considered revolutionary.

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21. Despite the radical tone of the Cultural Revolution, the regime's economic policies have continued generally moderate. This probably reflects, in part at least, a realistic appreciation of the dangers to the country that would result from serious disruptions in agriculture and industrial production. Therefore, the Cultural Revolution was not directed into the farms and factories until the end of 1966. Confusion was immediate and affected many areas. Workers left their jobs; rail transport was interrupted; peasants demanded more grain; and production was disrupted as workers demanded more benefits. These were partly spontaneous reactions. But, in addition, many local party authorities, fearing for their own positions, connived to encourage the workers and peasants in their demands, hoping to spread confusion and thereby force Peking to pull back.

22. For a time, Peking attempted to maintain both production and a high level of revolutionary activity. By late January, however, the serious disruptions brought a moderating response from Peking. As has come to be expected, Chou En-lai served as the voice of moderation, taking a stand that inevitably had the effect of pointing up the hazards of radical actions not only in the economy but elsewhere as well. Although this point of view has since lost ground to a resurgence of the radicals, the economy is still being protected from extreme policy shifts.

23. The army was brought in to restore order and to transmit economic directives, particularly in those areas where the party has lost control. The test of this expedient is yet to come. While the army has the power generally to maintain order and enforce rulings from above, it would be surprising if the PLA suddenly displayed talents for managing the increasingly diversified economy. Nevertheless, there appears little alternative to the PLA replacing civilian authority wherever the latter is ineffective in managing production. Based on the reports received to date, the army has more often been involved in a propaganda role. Where it has been involved in coordinating or supervisory work, the military has created frictions because of its lack of flexibility and experience.

24. We cannot quantify the costs of the relatively limited disruptions which occurred last winter or the continuing deleterious effects of uncertain or inexperienced management and administration of the economy, but they surely have been significant. Transport and communications, food distribution, and foreign trade have all been adversely affected for short periods. Industry and agriculture may have been more seriously affected: industry probably showed little or no increase during the last quarter of 1966 and the first quarter of 1967, and in agriculture the disruptions during winter and early spring may have affected planning and preparations for spring farm work.

25. While the regime is now exercising prudence with respect to the economy, it is also condemning Lin Shao-chi for allegedly following the same course in

³ A fuller discussion of the prospects for the Chinese economy will appear in NIE 13-8-67, "Economic Outlook for Communist China."

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the past.

We cannot be sure, therefore, that the restraints now in force on economic policy are secure against further, and more serious, attacks from Mao. Chou has shown remarkable finesse, presumably with Mao's approval, in thus far blunting any radicalization of economic policy. But as long as Mao lives, such a possibility will remain a significant threat. If Mao should decide on a production upsurge in the manner of the Leap Forward, we would expect a prompt deterioration in the economy.

E. Foreign Policy

26. It is likely that foreign policy issues played a role in dividing the leadership. It is obviously absurd to credit Lin Shao-chi and his followers with all the pro-Soviet, procapitalist, and capitulationist type policies contained in current charges. Even so, it is probable that there were high-level critics of Mao's basic line, which resulted in the loss of Soviet military, technical, and economic assistance. By early 1966, China's attempt to take a leading role in the world revolutionary movement was failing, with consequent losses to Chinese prestige, particularly in the case of the Indonesian fiasco. But most critical, the Maoist line had left China with few friends or allies at the very moment when the dangers to China, because of the increased US involvement in Vietnam, were becoming the most acute since 1960.

27. The political crisis has focused the leadership's energies and attentions on internal affairs. Within this context, China has maintained a relatively active foreign policy, though it has become more rigid in international Communist affairs. In general, its actions have tended to consist of positions and policies well established before the Cultural Revolution began. The more rigid policy toward the Communist world has permitted the USSR to score heavily in the world Communist movement at China's expense. Even among Asian Communists, China has lost friends. In the rest of the world, the excesses of the Red Guards severely damaged China's image and added to its already declining prestige.

28. For the North Vietnamese, the Cultural Revolution has introduced tension and doubts about China's reliability. Moreover, the vehemence of Peking's anti-Soviet line must emphasize to Hanoi its tenuous position on the end of a long supply line maintained by bitterly quarreling allies. We cannot be very certain of how the Cultural Revolution has affected China's position on Vietnam. They almost certainly will continue to support Hanoi and to urge a protracted war.

29. As long as the Maoists retain control, Peking is unlikely to make any important changes in the general line of its foreign policy, despite its growing isolation and lack of notable successes. In fact, the Cultural Revolution can be interpreted as an effort to provide the revolutionary successors and the internal orthodoxy which will insure the continuation of the foreign policy developed over the last seven or eight years. This policy involves unrelenting and

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uncompromising struggle for prominence within the international Communist camp and for leadership within the Afro-Asian world, hostility toward the US and the USSR, and selective peaceful coexistence with the rest of the world.

F. General Effects on Society

30. Even before the Cultural Revolution, the Chinese people were showing increasing disenchantment with the recurring burdens of mass campaigns and incessant ideological exhortations. Now, the eulogies to Mao and his thought have become so extreme as to mock all belief and the use of terror against respected elders must have shocked and repelled much of the population. The intellectuals bore the initial brunt of the Red Guards, the government bureaucracy was drawn in later, and most of the urban populace has been touched in some way. Of the 600 million people who reside in rural China, relatively few felt the impact of the revolutionary activity, which was essentially an urban phenomenon. But few people in China could have escaped the message that Mao was having trouble with long trusted leaders; to some degree at least peasant faith in the wisdom and effectiveness of the leadership must have suffered.

31. The evidence of January indicates that once the workers and peasantry realized that they were being encouraged to attack the authorities, the campaign quickly degenerated into a loss of discipline and order. The swift spread of insecurity, confusion, and disrespect of authority must have jolted many in Peking, if not Mao and his most zealous supporters. At any rate, Peking promptly retreated and it was at this juncture that the PLA was called into the picture.

32. Another group that may pose a continuing problem is the students. While the excitement of "rebellious against authority" has probably distracted students temporarily, they will realize, if or when things quiet down, that they have been shunted aside and have lost educational and employment opportunities. This will add to the frustrations of this group [redacted]

[redacted] Perhaps equally important, the long disruption in the schools is causing China to slip behind in its effort to overcome shortages in trained manpower. This could have serious longer range consequences for research and development in both the industrial and military sectors.

III. THE OUTLOOK

33. *Internal Politics and Policies.* The prospects are that, so long as his health permits him to exercise active leadership, Mao will maintain a continuing high level of tensions while some of those around him try to moderate the pace and mitigate the damage. Autocratic though he may be, Mao appears to retain enough political flexibility to respond to forces about him and to be influenced by those colleagues who have his ear. As the creator and prime mover of the Cultural Revolution, he must feel his campaign is far from finished. Thus, there will probably continue to be fluctuations between more radical initiatives and periods of consolidation or retreat. We cannot predict precise tactics or individual victims at the top. But we can be fairly confident that as long as

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Mao is capable of political command, China's situation will probably be tense and inherently unstable.

34. Although the events of the past year and half have resulted in a surprising degree of political instability in China, we do not believe such drastic developments as civil war or fragmentation along regional lines are likely. We do feel, however, that if Mao and his followers attempt to purge the military with the harshness they applied to the party, there is a good chance that they would face defiance and resistance. This might lead to regional alliances and loss of control at the center, or a military coup.

35. The present prospect of continuing instability under Mao would become even more certain should Mao's health decline and a long interregnum occur. It is difficult to estimate the prospects for Mao's health. Obviously, at 73, his health is subject to sudden deterioration. If he were to linger on, as Lenin did, then factionalism would almost certainly grow as each leader sought to secure his position through appropriate alliances. The possibility of a coup would exist and its realization might depend on whether Mao could be maneuvered out without a struggle. An extremely critical situation could develop if the leaders tried to set Mao aside during a period of poor health, and he revived enough to fight back. If such a period were prolonged, one consequence might be the decline of Peking's authority throughout China.

36. If Mao dies in the near future we would still expect the succession to be disorderly and contentious. Lin Piao is the chosen heir, but he would face a severe test. We are not convinced that he has the political acumen or physical stamina to survive the tough infighting that is likely to follow Mao's death. His chances may depend to a great extent on whether he can command the political support of the PLA, particularly if at that time the party is still in a weakened state. Recent events, however, suggest that factionalism based on personal rivalries and policy conflicts have occurred in the army as they have elsewhere.

37. Also in the near term, Chou En-lai is a figure to be reckoned with. His staying power and abilities are well known. More than any other leader at present, Chou seems to have the versatility and skill to grasp the levers of power and steer the country toward more moderate policies. He too, however, would probably have to count on the PLA for political support. Indeed, it is possible that his survival thus far reflects a working arrangement between Chou and his government bureaucracy and some of the military leaders. Chou appears in good health despite his 69 years, but the past year has subjected him to long work days and incessant stress.

38. It is also possible that after a long period of domination by Mao, the political and military leaders would be inclined toward a greater measure of collective leadership. This tendency would probably be strengthened if Mao's excesses continue for some time. In any case, considerable political maneuvering is likely and almost certainly no single leader will assume the powers and wield the influence that Mao has had.

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39. The composition of the post-Mao leadership will, of course, have a great bearing on the direction of Chinese policies. Once Mao leaves the scene, however, we believe many of the uniquely Maoist dogmas and practices are likely to expire with him, not only because they have been discredited in the Cultural Revolution but also because they are not relevant to the emerging realities of social and economic development. Indeed, the fact that the Cultural Revolution was necessary demonstrates that perpetuating Mao's revolution depends to a great extent on his person. Even if Lin Biao gains power, we would still expect a movement away from the extremes of Maoist internal policies. We cannot say how fast or how far this process would develop. In the near term, it might unfold gradually. If Mao stays on for some longer period, then the process might be much more rapid, particularly if unresolved internal and external problems have been aggravated during the last months or years of Mao.

40. If the party is still enfeebled at the time of change, the army would probably assume a stronger role in policymaking. In our view, there is probably a cautious group within the PLA who would be inclined to find common ground with moderate political leaders. We would not rule out that the net result of the succession struggle would be to create a military regime in China.

41. Economic constraints will impose limits on China's policies. Since the "Great Leap," Peking has used moderate policies to restore living standards and to organize its resources for renewed economic development. A continuation of these policies could probably secure modest economic growth. Most Chinese will judge any government on its ability to help them meet their basic needs of food, clothing, and shelter.

42. Radical policies which seek more ambitious economic goals could not be long maintained if, in the face of population pressures, they reduce or even interrupt the growth of production. Mao's "Leap Forward" approach, with its emphasis on political motivation at the expense of material incentives, has already been discredited. Many Chinese leaders probably feel that they have a better model in the more balanced approach of the 1960's or even in the Stalinist model in effect during the first Five-Year Plan in 1953-1957. The chances that Mao's successors will adopt revisionist economic policies may be affected by economic pressures forcing them toward a very hard line on austerity and discipline throughout Chinese society. We can be sure that any likely successor group will base its program on Marxism-Leninism, even if it is strongly influenced by military leaders. But actual programs will probably reflect increasingly the influence of Chinese culture and the Chinese environment. The resemblance to socialism as it has developed in the West will almost certainly diminish over time.

43. *China's World Role.* These various permutations in the resolution of China's political crisis cannot help but affect its world policy. But we cannot predict with any confidence how internal developments will bear on foreign

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affairs. There is no precedent in Communist China for a succession struggle. Stalinist analogies are tempting but perhaps misleading. Much might depend on what transpires while Mao remains in control. Finally, the world scene changes and creates new situations and problems.

44. If a succession struggle is prolonged, this would probably concentrate attention on internal affairs even more than it has during the Cultural Revolution. Thus, for some time, China's unremitting hostility toward the US and USSR, accompanied by a more flexible policy toward the rest of the world, are likely to be the predominant trends.

45. Beyond this, the most we can estimate is that the forces of change inside the country could, but not necessarily would, have the same effect on international conduct; that is, a more moderate internal policy might be accompanied by some relaxation of external tensions and some moves to reduce China's isolation. The last phase of Mao and the succession, however, will probably coincide with the growth of Chinese strategic capabilities, and we are highly uncertain how the Chinese leadership expects to exploit this situation. As of now we would estimate that the sum total of the various political, economic, military factors, as well as international developments will create pressures for adjusting Chinese ambitions and resources, as defined and expounded by Mao, to the realities of world politics.

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SECTION 28

NIE 13-5-67

Economic Outlook for Communist China

29 June 1967

APPROVED FOR RELEASE
DATE: MAY 2004

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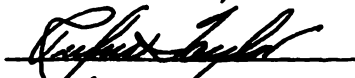
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NATIONAL INTELLIGENCE ESTIMATE

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Economic Outlook for Communist China

Submitted by



DEPUTY DIRECTOR OF CENTRAL INTELLIGENCE

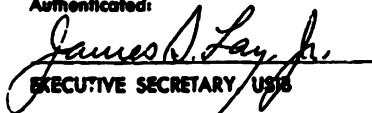
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ECONOMIC OUTLOOK FOR COMMUNIST CHINA

CONCLUSIONS

A. Economic activity in China, especially in the industrial sector, is being slowed by the Cultural Revolution. Nevertheless, military production and development continue to enjoy a high priority, and have been considerably aided by imports from the Free World.

B. Foreign trade has grown, and the non-Communist world now accounts for three-fourths of China's trade. China's balance of payments position has improved over the past two years. Support of North Vietnam has been substantially increased during the past year, but imposes no undue strain on the Chinese economy.

C. The economic outlook depends heavily upon the development of the political situation. During the next year or two, assuming a continuation of the present level of political turmoil, the economy seems likely to deteriorate somewhat, though probably not to the point of causing a sharp decline in industrial production, widespread unemployment, or acute food shortages. The weapons programs could be continued, though some stretch out in particular items might be necessary.

D. We think it unlikely that Mao will achieve sufficient political success in the Cultural Revolution to permit him to embark upon a new economic initiative similar to the Leap Forward. When Mao disappears from the scene, there will probably be a period of confused contesting for power during which economic recovery will be neither rapid nor sure.

E. The unfavorable food-population ratio, the economic costs and imbalances inherent in the military program, and the shortcomings

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of the educational system are problems likely to persist for at least a decade. A pragmatic regime could probably surmount them, but any successor to the present regime will also inherit some of the ambitious political goals of its predecessor. These will strongly affect the allocation of resources, probably at the expense of laying foundations for self-sustaining economic growth.

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DISCUSSION

I. THE POLITICAL SETTING

1. The political upheaval in China has complicated the analysis of China's economic performance, policies, and goals. The Third Five-Year Plan was to have begun in 1966, but a comprehensive plan has not yet been officially announced, and during the course of the Cultural Revolution little has been said concerning economic performance. Instead, attention has been focused on the political and social revolution. The leadership has been riven, and a new generation is beginning to assert itself. Cleavages are appearing between the young and the old, the students and the workers, the urban and the rural areas, and the regions and the center. Until a new order and consensus are established, economics is likely to be of secondary concern.

2. This situation reflects Mao's doctrines of social development. Mao fears the bureaucrat and the technician who, by their tasks and training, place a premium on stability and find reasons to halt revolutionary change. The cult of the amateur, embodied in "Mao's Thought," places more faith in arousing the talents and initiative of the common man than in following the advice of the highly trained specialist. It follows that Mao disdains material incentives for the more powerful—but ephemeral—force of ideological stimuli, and insists on the primacy of political enthusiasm over technical specialization. Prudent enterprise management in China has repeatedly found its cautious policies under attack by Mao. In brief, Mao is more a revolutionary leader than an economic planner.

3. The Leap Forward (1958-1960) stands as a stark example of carrying Mao's ideas to extreme lengths. Following Mao's order that "politics take command," a massive campaign of ideological exhortation elicited a nationwide outpouring of labor energies. Although this resulted in dramatic, but temporary, spurts in production, the lack of planning and coordination made the campaign ultimately self-defeating. Thus, faced in 1960 with crippling food shortages, cessation of Soviet aid, and a discouraged and disgruntled population, Peking had little choice but to pull back.

4. From mid-1960 to the end of 1962, Peking followed retreat and retrenchment policies to restore order and stability by curtailing investment, reducing or ending industrial subsidies, returning redundant urban labor to the rural areas, reviving private plots, restoring free markets, and decentralizing communes. Such pragmatic policies brought about a recovery of industrial and agricultural production that lasted into 1963.

5. We do not know whether Mao had to be pressured into these readjustments or whether he recognized the gravity of the situation and willingly acquiesced. Recent revelations confirm that there was continuing dissatisfaction among some leaders with Mao's leadership during the 1960's. It also seems probable that

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some top leaders were making decisions without first seeking Mao's approval. For his part, Mao was apparently growing more and more embittered as he felt himself being eased aside and his policies neglected. Thus, the collapse of the Leap Forward and the subsequent attempts at recovery contributed to the political tensions that erupted in the Cultural Revolution.

6. The radical policies of the Cultural Revolution have created an atmosphere conducive to radical economic initiatives similar to those of the Leap Forward. This would not be inconsistent with Mao's general notions; indeed, the political campaign was moved into the factories and the countryside in late 1966 and early 1967. However, this produced such confusion and disruptions to production that the regime moved rapidly to retreat from what seemed to foreshadow serious economic dislocations. With economic planning in a state of suspended animation, it seems likely that major economic initiatives will be postponed until some resolution of the political struggle is achieved.

7. In any event, the purge of the party and the general confusion about who is in charge have weakened the direction and control of the economy. Although the People's Liberation Army (PLA) has been ordered to help relay and enforce economic directives where the party and managerial apparatus has been discredited, the results have been less than satisfactory. The PLA has the ability to maintain order and discipline but lacks the necessary skills for administering complex economic activities. At the top, Premier Chou En-lai continues to maintain day-to-day operations in the governmental and economic bureaucracies, but only three of his 15 Vice Premiers remain in good political standing. Of the top level economic administrators, only Chou and Li Fu-chun seem to be currently acceptable to the Maoists. The weakening of the managerial and administrative apparatus is one of the major wounds inflicted on the economy by the Cultural Revolution.

II. PERFORMANCE

8. There seems little doubt that economic performance has declined this year, but it is impossible to quantify the decline.¹ Scattered indications of a gradual decline in economic efficiency are supported by Red Guard posters citing official admissions that production declined in January and February, and again in April. Nevertheless, there is no evidence suggesting that an economic crisis is near.

A. Agriculture

9. Thus far, the Cultural Revolution has had little impact on agriculture. Grain output in 1966 was at about the level of 1964 and 1965. Although grain production has recovered from the low levels of 1959-1961, it has yet to top the

¹ Peking has published little useful data since 1960. While detailed statistical analysis of the economy is thus out of the question, careful sifting of all available information gives us considerable confidence in detecting the general movements of the economy. With the exception of foreign trade, where good statistics are available, the conclusions of this section are drawn from analysis of what is necessarily an inadequate data base.

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record year of 1958. Meanwhile, population has grown by 15 to 20 million a year. Current reports of reduced rations and rising food prices, in both state and free markets, suggest gradually tightening supplies. Caloric intake per capita is probably somewhat less than in 1957, but we see no indications of either malnutrition or serious food shortages. Since 1961, Peking has augmented domestic food supplies by an average net import of almost five million tons of grain a year. We expect imports to continue at about this level.

B. Industry

10. The Cultural Revolution has halted the recovery of industry. Steady growth over the years 1963-1966 raised industrial production to a level above that of 1958, though still below the Leap Forward peak of 1960. This growth resulted mainly from fuller use of existing capacity. Some excess capacity still exists, particularly in light industries, but capacity is insufficient in other industries producing priority products such as finished steel. The revival of the construction industry in 1966 is suggested by the fact that, for the first time since the Leap Forward, all major cement plants in China were in operation. New construction was underway at military research and production facilities, electric power plants, chemical plants, petroleum facilities, and at mining sites. The disruptions of the Cultural Revolution probably have led to a slow decline of industrial output beginning in the last quarter of 1966.

11. Industrial policy during the past several years has been aimed more at increasing the range of finished products in support of major programs than in expanding basic industries. Priority attention is being accorded modern weapons, steel finishing facilities, electronic equipment, petroleum, and chemical fertilizer. Steel output has recovered to the point where most needs for ordinary steel products are probably being met. Deficiencies exist in the capacity to produce and fabricate refractory metals, high quality alloy steels, and a variety of finished steel products. China has been carrying on negotiations with Western Europe and Japan for plant and equipment to fill these gaps. In petroleum, output of crude oil has doubled since 1962, and China is now virtually self-sufficient in petroleum products; in 1966 only one percent of the total supply had to be imported. This remaining import need is for chemical additives to improve the quality of domestically-produced aircraft fuels and lubricants. Capacity in the chemical fertilizer industry increased from about 3 million tons in 1962 to 6-7 millions tons in 1966. Current emphasis is on the construction of small and medium-size plants, which may add about a half-million tons in 1967.

C. Transportation

12. China's transport system, which was overloaded and subject to periodic congestion during the Great Leap Forward, has been able in the last few years to meet basic economic needs without undue delay. The Cultural Revolution has caused only sporadic disruptions and backlogging of cargo at major rail junctions and ports. These difficulties have inconvenienced the economy in a

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fashion similar to the current agricultural and industrial dislocations, but no serious economic results have yet been identified.

D. Military Production

13. With the high priority given military production, China has developed weapons technology beyond what it received from the Soviets and is now making rapid progress. The Chinese have exploded six nuclear devices, have undertaken an ambitious missile program, and are attempting their own research and development (R&D) on a variety of weapons systems. Work on strategic missile systems is underway; MIG-19 fighter aircraft are being produced, and a follow-on aircraft will probably soon appear; an expanded surface-to-air missile deployment may be impending; medium bombers and submarine-launched missiles may also be on the way; finally, continued progress is being made on an early warning radar system and on conventional naval and land armaments.

14. China has carefully exploited the world's markets to obtain up-to-date technical data and equipment for industry. As Peking's shopping list grows, it includes a larger proportion of items that can be related to the advanced weapons program. COCOM regulations have generally prevented the Chinese purchase of military equipment, but the COCOM list does not cover many types of industrial equipment with either direct or indirect value to China's military program.

Since 1961, China has purchased more than half a billion dollars worth of machinery, equipment, and scientific instruments from Japan and Western Europe, and dependence on these sources will increase.² These imports not only aid the weapons program but help relieve the pressure on skilled manpower and equipment throughout industry.

E. Foreign Trade

15. Foreign trade has not been significantly affected by the Cultural Revolution. It grew about 10 percent in 1966, and at \$4.2 billion had almost regained the peak level of 1960. Although transport disruptions delayed shipping schedules in early 1967, the Chinese have been taking pains to meet their trade commitments.

16. Foreign trade increases in 1965 and 1966 were largely a result of continued growth in trade with the Free World, which now accounts for three-

² The following tabulation shows the value (in millions of dollars) of machinery, equipment, and scientific instruments imported by China from Japan and Western Europe. It excludes imports of transportation equipment.

YEAR	TOTAL	MACHINERY & EQUIPMENT	SCIENTIFIC INSTRUMENTS
1962	13.4	12.6	0.8
1963	16.6	14.3	2.3
1964	54.4	46.7	7.7
1965	158.9	136.2	22.7
1966 (est.)	195	170	25

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quarters of China's trade. Japan supplanted the USSR as China's main trading partner in 1965 and widened its lead in 1966. The impressive rate of growth of Sino-Japanese trade—52 percent in 1965 and 33 percent in 1966—has been roughly matched by that of Chinese trade with Western Europe. Hong Kong remains China's best source of hard currency. Total earnings from trade with Hong Kong reached \$475 million in 1966, and in addition, about \$75 million in nontrade earnings were received, despite a drop in remittances because of the Cultural Revolution. China's trade with Communist countries in 1966 continued the decline that began in 1960. Trade with the Soviet Union fell to about \$320 million, a decline of 23 percent from 1965.

17. China's balance of payments position has improved notably over the past 3 years. Foreign exchange and gold holdings increased by about \$50 million in 1966, reaching a level of \$450 to \$550 million. China purchased \$135 million of gold from the West in 1965 and \$40 million in 1966. China's indebtedness to the Free World totaled about \$285 million at the end of 1965 and was probably little changed in 1966. All this indebtedness is short-term. China has chosen not to ask for long-term credits, but could probably obtain them if it wished.

18. China's economic aid commitments to non-Communist countries fell from about \$310 million in 1964 to approximately \$120 million annually in 1965 and in 1966. The largest commitments in 1966 were credits of \$43 million to Cambodia and \$28 million to Guinea, and a \$20 million grant to Nepal. Actual drawings remained well below extensions, averaging about \$60 million a year over the last three years. China ceased announcing aid to Communist countries in 1965, but we believe deliveries increased in both 1965 and 1966.

F. Support to North Vietnam

19. Chinese aid to North Vietnam has grown steadily over the past year. China has been supplying small arms and ammunition, trucks, industrial raw materials, semimanufactures, food, and other consumer goods. There are also four antiaircraft divisions and many thousands of engineering troops in North Vietnam, and some fighter aircraft may have been supplied. China has increased the shipment of a broad range of items to replace bombing losses, including rails, construction materials, spare parts, and drugs and medicine. Chinese Communist capabilities for providing these materials and manpower far exceed commitments made so far. This aid, together with Soviet aid transiting China, has increased the burden on the rail net, but it still preempts only a small fraction of Chinese rail capacity. To the best of our knowledge, the flow of aid has been maintained with only minor interruptions in spite of China's internal political turmoil.

20. Peking has also made substantial investment in defense and related construction in Southern China. This construction, which is part of a general program of strengthening defenses along the periphery, is concentrated on new airfields and main line railroads. Yunnan Province has now been linked to the main rail net of China, thus permitting direct shipments between the two

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without a detour through North Vietnam. The new construction also provides an additional route for supplies to North Vietnam.

III. PROBLEMS AND PROSPECTS

A. The Short-Term Outlook

21. Over the past 17 years, the regime's most impressive achievement has been its use of the party as a political and economic apparatus to harness the vast energy of China's enormous population. Now, with the party in disorder and the government bureaucracy under attack, this control has been enfeebled. Under these conditions, it will be difficult to keep agriculture and industry functioning as a coordinated whole. It is already evident that economic efficiency has declined. Planning and managerial control are likely to be even further weakened if the purges continue, and the military lack the adaptability to take over the functions of the disabled party.

22. Thus, any estimate of the general outlook for the Chinese economy must of necessity be conditioned by the political outlook. During the next year or two, assuming a continuation of the present level of political turmoil, the economy seems likely to deteriorate somewhat, though probably not to the point of causing a sharp decline in industrial production, widespread unemployment, or acute food shortages. The weapons program could be continued, though some stretch out in particular items might be necessary. Unless political developments upset the foreign trade patterns which have been developing, foreign trade will probably grow. Choices in allocation of resources, especially among military uses, export programs, and industrial and agricultural investment will be made more difficult because of general political chaos and the decline of central authority.

23. It is possible that the present indeterminate political situation will be ended by Mao's early reestablishment of sufficient control to embark on an economic phase of the Cultural Revolution. Should he succeed, we would expect this to be similar to the Great Leap Forward, including a reduction in material incentives and great stress on exhortation. If unrestrained by the moderates, Mao would be likely to abolish the private plots and free markets. But this would almost inevitably lead to severe food problems and thence to apathy and a decline in morale and efficiency.

24. While we certainly cannot rule out such an evolution of the economic situation, we think it unlikely. We do not believe that Mao will achieve a clear-cut resolution of the political struggle; indeed, it is possible that he intends the struggle to drag on. Even if he thought that the time had come to move the revolution into a new phase, any step in the direction of radical economics would almost certainly generate new opposition from those, such as Chou En-lai and perhaps much of the PLA leadership, who have supported Mao thus far.

25. Even when Mao disappears from the scene, political stability is unlikely and economic progress will be neither rapid nor sure. There could be a long

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period of confused contesting for power; at the very least there will be an interregnum before a new leadership is consolidated. If a coherent leadership emerged, it might adopt less grandiose national goals, make more concessions to social demands, and attempt to restore some sort of administrative order. It might to some extent scale down and stretch out China's military programs. But it would probably still give priority to advanced weapons, and China's hostility towards the US would be likely to persist.

8. Economic Considerations for the Longer Term

28. The problems characteristic of a nation seeking industrialization and modernization are present in China, but are often sharply exaggerated by China's ambitions. Never before has a nation so industrially backward and with so large and poor a population attempted so strenuously to acquire the military strength and stature of a major world power. China's gross national product (GNP) is considerably smaller than that of Japan or France; in its per capita GNP and the portion of GNP contributed by industrial output, China's economy resembles that of India. In pursuit of its goals over the past 17 years, China has utilized over one-quarter of its GNP for investment and military expenditures, and has cut corners to increase the impact of this effort. Agriculture has been slighted, and industry is disproportionately oriented toward military production. Striking progress has been made in advanced weapons development, but this success has strained China's resources and talent and has led to new calls for shortcuts. It is in this setting that China's deep economic problems must be understood.

27. *Food-Population Ratio.* China at best faces only slow progress in reducing population growth. Some success has been achieved in reducing the birth rate in the cities, but it will take a long time to accomplish a significant reduction among the peasantry, who constitute over 80 percent of the population. Moreover, even a highly successful rural birth control program would secure only a limited reduction in fertility, and this would tend to be offset by increasing life expectancies. Thus there seems little likelihood of any notable change in the rate of population growth over at least the next decade.

28. The Chinese intend to raise agricultural output over the next decade mainly by greater use of chemical fertilizer. Peking has already sharply increased the supply of chemical fertilizer, both from imports and domestic sources. In order to increase agricultural production commensurate with population growth, China needs an annual increment of roughly two million tons of chemical fertilizer. China is not currently building large chemical fertilizer plants, and unless new plans are quickly put into effect, much of the requirement will have to be met from imports. Moreover, China will shortly, say by 1970, face sharply increased requirements for farm investment to use that fertilizer, including additional irrigation, improved transport and distribution, and more intensive technical measures. China may face trouble if it is not prepared to divert the necessary resources to underwrite these investments and to sponsor suitable changes in the organization of farm production.

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29. *Economic Costs of the Military Program.* The success of the weapons program has been at the cost of withholding resources from the civilian sector and delaying the growth of a general industrial base for the broader needs of the economy. There will be some benefits to civilian industries from the spin-off of R&D in the weapons field, as well as in the stimulation of industries in ancillary fields. But these benefits are greatly outweighed by the loss in general economic development that is an inevitable consequence of the high priority given to the weapons program. In any event, the costs of the military program are now around 10 percent of China's GNP. Overall costs will substantially grow as advanced weapons systems move into production and deployment, and R&D costs will increase as the Chinese move further beyond designs furnished by the Soviets. Production costs will be high because China will have to create the industrial backup in machinery and skills that is already available to most industrialized nations. Moreover, China's limited supply of scientists and technicians has been concentrated on military R&D, and general scientific research is suffering as scarce scientific talent is applied to solving urgent practical problems of military production.

30. *Shortage of Educated Manpower.* Peking has vastly expanded school facilities and enrollments in China and for the first time has provided its young generation with an education. But at the same time it has interfered with education by recurrent political campaigns. The most recent and extreme example is the closing of China's universities and the proposed overhaul of the curriculum throughout the school system to concentrate on Mao's works. Moreover, the system of higher education is handicapped by the siphoning off of professional personnel for high priority military programs, and the balance among various types of professional and technical training is not consistent with China's specific needs. These weaknesses will necessarily slow the achievement of economic efficiency as the economy attempts to advance to levels where both professional competence and technical skills are required.

31. These problems—the unfavorable food-population ratio, the economic costs and imbalances inherent in the military program, and the shortcomings of the educational system—seem likely to persist for at least a decade. Any regime which comes to rule China will have to cope, not only with the damage which is being done by the Cultural Revolution, but with these almost intractable facts of economic life. A pragmatic regime could probably mobilize China's resources in such a way as to keep the economy moving at a moderate rate of development and provide some modest increases in the low standard of living now prevailing.

32. But any regime will inherit some of the political goals as well as the economic problems of its predecessor. It will likely try to continue the military program, compete with the USSR for influence in the Communist world, and retain its antagonism to the US. These will strongly affect the allocation of resources, probably at the expense of laying foundations for self-sustaining economic growth.

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SECTION 29

NIE 13-8-67

Communist China's Strategic
Weapons Program

3 August 1967

APPROVED FOR RELEASE
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NIE 13-8-67
3 August 1967

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NATIONAL INTELLIGENCE ESTIMATE
NUMBER 13-8-67

Communist China's Strategic Weapons Program

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Submitted by

Robert L. Taylor

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DEPUTY DIRECTOR OF CENTRAL INTELLIGENCE

Presented to

UNITED STATES INTELLIGENCE BOARD

As required by law

3 August 1967

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Authenticated

James A. Baker
EXECUTIVE SECRETARY, USI

25 OCT 1967

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COMMUNIST CHINA'S STRATEGIC WEAPONS PROGRAM

THE PROBLEM

To assess China's strategic weapons policy and programs and to estimate the nature, size, and progress of these programs through the early 1970's.

CONCLUSIONS

A. It is clear that China aspires to great power status and that its present leaders have given high priority to developing a substantial strategic capability as essential to such status. With wise management of their limited resources, the Chinese could continue to make steady progress toward the achievement of these goals over the next decade.

B. The probable extent of actual progress will remain in doubt, however, so long as fanaticism and disorder continue to infect China. Some adverse effects on the advanced weapons program are probable in any event; serious disruptions could result from pressures to do too much too soon or from a general breakdown in central authority.

C. China probably now has a few fission weapons in stockpile deliverable by bomber, and has demonstrated the capability to produce thermonuclear weapons with megaton (mt) yields. It will soon have the plutonium available to aid in reducing such weapons to missile warhead size as well as to facilitate the development of more compact, light weight fission devices. For the next year or two, the limited availability of fissionable material will place significant restraints on warhead production, but this will ease significantly in the following years as the Yumen plutonium production reactor reaches full output.

D. We believe that limited deployment of an MRBM with fission warheads is likely to begin in the next six months or so. After 1968

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when increasing numbers of warheads could be made available, deployment will probably proceed at a higher rate. This deployment would be designed to threaten US bases, and major cities from Japan through the Philippines, southeast Asia, and northern India.

E. We estimate that the Chinese can have an ICBM system ready for deployment in the early 1970's. Conceivably, it could be ready as early as 1970-1971. But this would be a tight schedule, and should the Chinese encounter major problems, the IOC would be later. In any event, we will almost certainly detect extended range firings once they begin, and monitoring of these tests will probably provide about one year's advance warning of IOC.

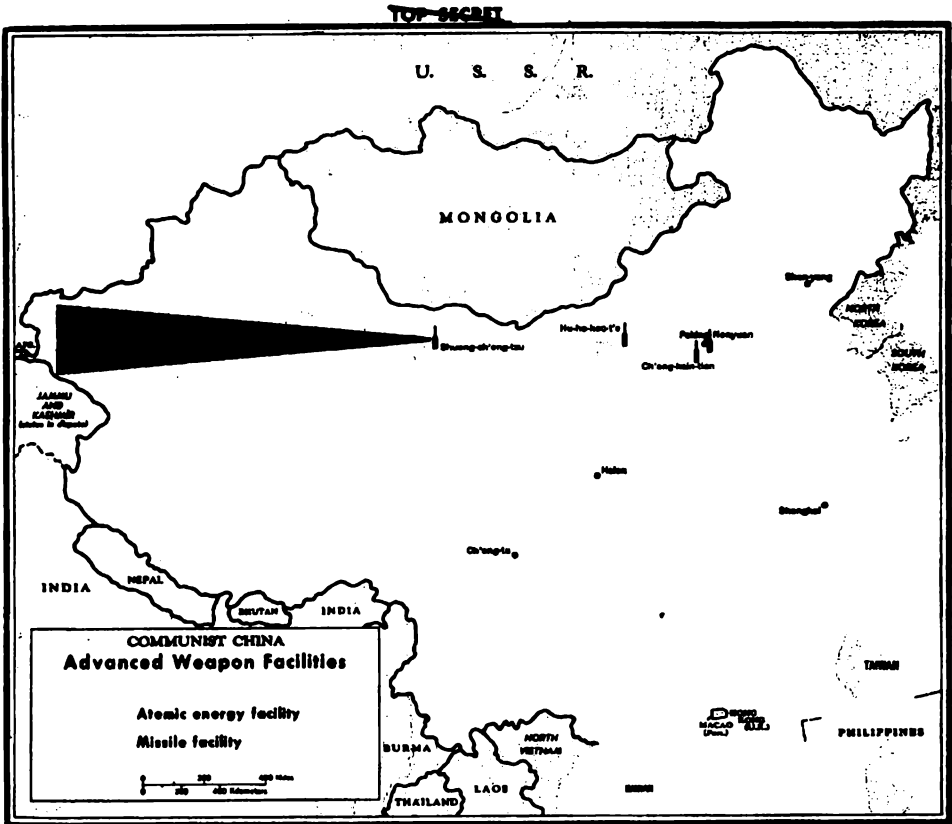
F. We have no basis at this time for estimating how far or how fast the Chinese will carry deployment of their first-generation ICBM. Assuming political and economic stability, China will probably have the resources to support a moderate and growing ICBM deployment through 1975. Beyond that time frame, there is the possibility of significant improvements to this first system or the development of a follow-on solid fuel missile system based on the large complex now under construction at Hu-ho-hao-té in Inner Mongolia. If China makes good progress in the development of solid fuels for ICBM ranges, it might limit deployment of the first-generation system.

G. Other strategic delivery means have received less priority but China may begin production of some TU-16 medium bombers this year in the now-completed plant at Sian.

H. China will probably not push ahead vigorously with the now semidormant diesel-powered missile-firing submarine program. The one G-class submarine launched in 1964 does not yet have a missile. It would probably be at least 1970 before additional missile launching submarines could be available. China has shown some interest in nuclear propulsion technology, but even if design on a nuclear submarine is already underway, the first unit probably could not be operational until the late 1970's.

I. For political effect, China will probably attempt to launch an earth-satellite as soon as possible. This might be accomplished this year using an MRBM with an added stage or a heavier payload might be orbited using an early test vehicle from the ICBM program.

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DISCUSSION

1. *General Considerations.* We now see more clearly the broad outlines of the Chinese strategic weapons program. It includes high priority work on an MRBM, on an ICBM, and on the production of fissionable materials and the development of both fission and thermonuclear weapons. Work in all these fields showed significant progress in the last year and these efforts clearly attest to Chinese determination. But many questions remain which bear critically on our judgments concerning the future pace and scope of the program, particularly with respect to production and deployment over the next five years. As yet there has been no obvious interference by the Cultural Revolution in the advanced weapons program, but we doubt that it has been completely immune.

2. We have little evidence on Chinese thinking with respect to the role of advanced weapons in their overall strategy. The present leaders probably believe that the successful development of strategic weapons would greatly enhance their prestige and strengthen their claims to leadership in Asia and their status as a great power. They would also hope that the possession of a strategic capability would give them greater security in supporting revolutionary struggles, particularly in Asia, and that it would serve to lessen the dangers of nuclear strikes on China itself for any reason. In other words, the Chinese may believe that the ability to strike the US and targets in Asia with nuclear weapons would serve to limit US military operations in Asia, and to keep any direct confrontation at the level of conventional arms where the Chinese would expect to enjoy many advantages.

I. NUCLEAR PROGRAM

3. *Thermonuclear Devices.* Peking has conducted six tests, three of which were related to thermonuclear development.

4. the Chinese on 17 June 1967 detonated a thermonuclear device

This device was airdropped, probably by a TU-16. Both of China's TU-16 jet medium bombers were at the airfield serving the Lop Nor test area for several weeks before the test, and one was observed over a weapon loading pit at this airfield. The airdrop marker used

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for CHIC-3 was refurbished for CHIC-6

6. *Fission Devices.* Peking announced on 27 October 1966 that it had on that day exploded a nuclear device which had been delivered by a guided missile.

There is no conclusive evidence as to the distance the missile might have flown, but we believe it probably was fired from the Shuang-ch'eng-tzu Missile Test Range (SCTMTR). Just prior to the test, a new launch complex was constructed at SCTMTR at a location well away from other facilities, suggesting a special concern for safety. This may have been the site from which the missile was fired. If so, this would mean that the missile flew a distance of about 450 nautical miles (n.m.) to the point of detonation in the Lop Nor nuclear test area. We do not know what type of missile was used, but the MRBM which has been under development for some years is the logical candidate.

Nuclear Materials Production

7. U-235.

our belief that U-235, the fissionable material used in all Chinese tests to date, is produced at the Lanchou uranium isotope separation plant. But we are now less confident of our estimate that the Chinese are using the electromagnetic process to "top off" the U-235 product that has been partially enriched in the gaseous diffusion cascade at Lanchou. Further analysis indicates that the Chinese could be using any one of three methods: the gaseous diffusion process only, gaseous diffusion process "topped off" with gas centrifuges, or "topping off" with electromagnetic separators.

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If the production is done entirely by the gaseous diffusion process (and this would require the use of small, tightly packed stages operated in a manner to maximize enrichment at the expense of some production capacity) it is likely that the level of output is between this minimum quantity and an amount two or three times greater. If electromagnetic "topping off" is the technique used, production rates close to the lower end of the range would be probable, considering the amount of building space available at Lanchow. Higher production rates would require that the final enrichment be done elsewhere in a sizable installation. A careful search has revealed no such an installation, and we think it unlikely that it could have escaped our notice.

9. *Plutonium.* A large plutonium production reactor at the Yumen nuclear complex began operation in early 1967.

We had previously estimated that the Chinese would operate the reactor well below capacity for a year or two in order to gain operating experience and to minimize the chances of equipment breakdowns.

To extract this plutonium the Chinese are proceeding rapidly with construction of a chemical separation plant at Yumen. The plant should become operational during the first half of 1968. The Chinese may have pilot plant facilities that could provide some plutonium for testing before the large chemical separation plant at Yumen comes into operation.

10. *Other Nuclear Materials.* A likely candidate for the source of heavy water—from which deuterium, one of the materials used in thermonuclear weapons, is obtained—has been identified. Apparently the Chinese have followed the common practice of locating heavy water facilities at nitrogen fertilizer plants. There is an installation resembling a Soviet heavy water facility at a fertilizer plant in Kirin Province in Manchuria.

Current Nuclear Weapons Production

11. In general, the Chinese seem to be giving priority to thermonuclear weapon development. Certainly thermonuclear testing has been the greater drain on

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nuclear material, and the success of the program strongly implies that China's best nuclear scientists have been concentrating on this program.

The Chinese leaders almost certainly would want to have at least a few nuclear weapons on hand as soon as possible.

Thus we believe the number of weapons in stockpile is likely to be small.

13. We have identified a facility that could be China's first nuclear stockpile site. It is located about 13 miles east of the nuclear weapons development and production complex near Koko Nor and appears to be nearly complete. We have recently identified construction at a site about 10 miles north of Wushih't'ala airfield, which supports the Lop Nor test area. Its similarity to the Koko Nor facility during its early stages of construction suggests that it too may be intended for nuclear weapon storage.

II. CURRENT STATUS OF DELIVERY SYSTEM PROGRAMS

The MRBM Program

14. the accelerated pace of missile launchings at SCTMTR, first noted in 1965, extended through 1966 and is continuing in 1967. The evidence, is fairly conclusive that most of the testing has been related to the development of an MRBM.

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Similarly, we cannot ascertain a number of important details concerning the missile's performance characteristics. Judging from what we see at the range, the Chinese MRBM is about 70 feet long, is serviced by road-transportable equipment, probably has radio-inertial guidance, and probably uses storable propellants. We continue to estimate that the Chinese have been working on a 1,000-mile missile but at present our evidence only permits us to say that some of the firings detected apparently flew somewhere between 600 and 1,000 n.m.

16. Though the system is road-transportable, we think it will require fixed sites probably involving some permanent support facilities. Considering the generally poor road network in China, the Chinese would probably want to locate their sites near rail lines. There is no sign of any work involving silos at SCTMTR. Hence, deployment, at least initially, will almost certainly be at soft sites.

17. Though the Ch'ang-hsin-tien Missile Development Center (CHTMDC) near Peking is primarily a research and development (R&D) facility, it probably is capable of producing missiles in quantities sufficient for a limited deployment program. A plant located nearby at Nanyuan appears suitable for producing airframes and possibly other missile components as well. These two facilities are the best candidates for the production of China's MRBM.

There is no evidence that the Chinese have begun series production at these facilities. Judging from our experience with Soviet missile production, it is unlikely that we will learn the quantities of missiles being produced at any particular plant.

18. The apparent frequency of missile firings at SCTMTR during May and June is greater than would be expected in the R&D phases of a missile's development. Although other explanations are possible, the evidence seems to indicate that the Chinese are conducting at least some troop training firings. If this is the case, preparation of field sites should already have begun. We have searched 1967 photography of somewhat more than half of China's rail network and have detected no such site preparation. Since we do not yet know what the deployed sites will look like,

we cannot be confident that we would spot the first deployment sites early in their preparation. (See centerfold map.)

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The ICBM Program

19. There is good evidence that the Chinese are working on an ICBM system. A large new launch facility (Launch Complex B at SCTMTR) capable of accommodating a missile in the ICBM or space booster category, appears ready. Looking back over developments at CHTMDC we now believe that the Chinese have been working on the development of an ICBM since at least the early 1960's.

20. At this stage in the program, we cannot say much about the system's characteristics. Though a completely new design cannot be ruled out, it is more likely that the ICBM and MRBM programs have been closely related. For example, the clustering of MRBM-size engines would eliminate the need for the development of an entirely new propulsion system, and would be a logical approach for the Chinese to use. The missile will probably be a two-stage vehicle in excess of 100 feet in length and about 10 feet in diameter. In order to reach the principal targets in the US, the Chinese would need a missile system with a range of 6,000 n.m. Chinese test facilities appear adequate to handle engine thrusts large enough to give this range.

21. A storable propellant system has important advantages for a deployed missile system. Though the evidence is not conclusive one way or the other, we believe the Chinese probably intend to use such a propellant in their ICBM. It is unlikely that the Chinese have mastered the complex technology of all-inertial guidance, and their first ICBM system will probably have radio-inertial guidance.

22. Launch Complex B is apparently ready to support flight testing. The first tests will probably be firings of the first stage to distances of a few hundred miles, within the borders of China. The orientation of Complex B and the location of what appears to be a downrange electronic station suggest that eventually there will be firings in a southwesterly direction. ICBMs fired to full range in this direction would impact in the Indian Ocean. The Chinese would presumably desire to provide instrumentation and communication facilities within range of the impact area. This requirement could be met by land-based facilities, but for both technical and political reasons we believe the Chinese are more likely to rely on specially equipped ships. As yet, however, we have no evidence of preparations to provide such facilities.

Other Delivery Systems

23. *Bomber Program.* There is good evidence that in the late 1950's the Soviets were helping the Chinese build a plant at Sian for the production of the

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TU-16 (Badger) jet medium bomber. Work on this plant, which was interrupted in the early 1960's, was resumed in late 1963 or early 1964 and it now appears complete. If the Chinese still intend to produce TU-16s, the plant could turn out its first aircraft late this year or in early 1968.

Missile Submarine Program

24. The Chinese apparently retain an interest in a submarine launched missile system, but there is some evidence to suggest that the program has been delayed for some reason or other. China's only G-class submarine was launched late in 1964 and began putting to sea occasionally about a year later. No new submarines of this class have been identified under construction, however, and the existing one has never been detected in anything but routine underway training. Furthermore, at about the time the Chinese were building their G-class they were also working on a special wharf facility which we believe is for missile handling, but this facility has remained in a state of semicompletion.

25. We have no direct evidence for judging what kind of submarine launched missile the Chinese may envisage or when they may have one available. We have not detected any testing of such a missile but it is possible that some of the missile engine static testing at Chi'ang-hsin-tien and flight testing at Shuang-ch'eng-tzu could be connected with a submarine missile system. While land-based tests could remain unidentified, it is less likely that a sea-based test program would long avoid detection. At least a year of sea-based launchings would probably be required to test out fully a submarine launched ballistic missile (SLBM) system.

26. *Space Program.* The acting Chief of Staff of the Peoples Liberation Army has been quoted in Red Guard newspapers as claiming that the Chinese will conduct a space launch in 1967. Primarily for political reasons, the Chinese will probably try to put something into space as soon as possible, and it could occur this year. One possibility is the launching of a small satellite using an MRBM with an added stage. Another is the launching of a heavier payload with an early test vehicle from the ICBM program.

III. PROSPECTS

27. Chinese determination needs to be taken into account when considering the likely future scope and pace of their strategic weapons program. But determination alone will not solve the many practical problems facing the Chinese. In planning, design, and testing, the Chinese no doubt have benefited from the foundations laid during the period of Soviet assistance. But in the production of MRBMs as well as in the testing of ICBMs and the fabrication of suitable

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warheads, the Chinese are dependent primarily on their own technology and on whatever they can gain from non-Communist sources. They will continue to profit significantly from their access to Japanese and West European technology and from their ability to purchase industrial plant, sophisticated instruments, and scarce materials from these sources. But this can only partially offset the deficiencies of China's relatively limited technological and industrial base. We think it likely that they will encounter difficulties in moving from R&D to the industrial production of the components of complex weapons systems. And when the Chinese solve their production problems, they will still face an intense competition for scarce resources.

28. Chinese military planners must recognize that in the foreseeable future China cannot begin to match the nuclear striking power of the US. They probably also realize that the credibility as a deterrent of their first-generation systems will suffer because these systems would have a poor chance of surviving an offensive strike and would be vulnerable to some degree to defensive systems the US is capable of deploying. In order to concentrate on developing improved and refined systems that would have a more impressive credibility as a threat and as a deterrent, Peking might opt for only a token deployment of its earliest weapons. Against this, however, Peking would probably weigh the judgment that more than token deployment of its first ICBM would be worthwhile because it would enhance its leverage on Asian countries, would have increased deterrent effect on the US, and would generally pay important political and psychological dividends.

29. The Chinese must also strike some balance in the allocation of resources as between intercontinental and regional strategic forces and between weapons systems within the regional force. Rather than concentrating all resources on, say, an ICBM program, the Chinese probably believe that they could more quickly enhance their overall military posture by allocating some of their limited means to a force which could hold much of Asia hostage. Within the regional force concept, the idea of producing more than a few TU-16 bombers as weapons carriers might lose some of its attraction for the Chinese, if they were able to develop a reliable and mobile MRBM or an IRBM capable of delivering thermo-nuclear weapons.

30. To further complicate the situation, there remains the question of political and economic order in China. Thus far, the political upheaval in China does not seem to have affected the strategic weapons program; the regime has exercised particular care to insulate the nuclear and missile program from it. But gradually small bits of evidence have accumulated which suggest that some longer term harm may have been done to the administration and organization of the programs.

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31. For example, according to Red Guard posters, revolutionary strife has occurred in the governmental ministries responsible for nuclear and missile development. The head of the National Defense Scientific and Technology Commission, Nieh Jung-chen, has come under sporadic attack. Another possible sign of political interference is the distinct "Leap Forward" flavor of Peking's propaganda treatment of the recent sixth nuclear test. Unnamed advocates of solving scientific problems step by step have been criticized while "revolutionary" scientists and technicians who were not afraid to take bold shortcuts have been extolled. Though this is no doubt partly propaganda

it could mark the intrusion of political pressures into the advanced weapons program. Thus, despite the privileged status of these programs, it will be increasingly difficult for Peking to shield them from unrealistic demands for spectacular progress, from the unhealthy political atmosphere in China, and from the general erosion of economic efficiency and managerial control.

32. It is difficult to judge how much our basic calculations of the time required to develop, produce, and deploy various kinds of military hardware should be adjusted to take account of these weaknesses. It may be that we have considerably underestimated the Chinese, and it is possible that they will be able to bring most of their programs to fruition on a rapid schedule and to produce and deploy various weapon systems in substantial quantities. But the odds are better that the Chinese will have to make compromises, perhaps stretching out some programs and settling, at least initially, for limited deployments.

IV. PROJECTIONS

33. It is clear that China aspires to great power status and that its present leaders believe that a substantial strategic capability is essential to such status. Barring serious political and economic upsets in China, we believe the Chinese have the resources to make steady and impressive progress toward the achievement of such a capability. At the same time, we would stress that the Chinese program will be limited in scope, and in qualitative and quantitative achievements over the next decade by the industrial, technological, and skilled manpower weaknesses of China. If China should attempt too much too soon, the long-run consequences could be highly disruptive both for an orderly advanced weapons program and for the economy in general.

The Nuclear Program

34. Through 1970, at least, Chinese fissionable materials will be limited to the output from the Yumen reactor and the U-235 production plant at Lanchow. These amounts are not inconsiderable, however, and once plutonium devices have

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been tested, it is apparent
a substantial weapons stockpile by 1970.

that China will be able to build

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35. If the Chinese envisage a substantial ICBM deployment program with TN warheads, and if they have already made good progress in solving the considerable technical problems involved, we would expect to see efforts to expand U-235 capacity some time in the next year or two. Once construction started on a new U-235 plant, it would take about three years for production of U-235 to begin.

Delivery Systems

36. *MRBM Deployment.* As suggested above we believe that the Chinese MRBM should be ready for deployment in 1967 or 1968. Evidence respecting troop training is not conclusive, however, and evidence on other preparations for deployment is lacking. This leaves open the possibility that little or no deployment of the MRBM is planned. It could be that the principal purpose of the MRBM program was to develop technology for an ICBM.

37. We think it more likely, however, that significant deployment is intended and that it will begin within the next six months or so. For the next year or two, however, the availability of nuclear warheads is likely to limit MRBM deployment.

38. MRBM deployment will probably be designed to give coverage to targets in the arc stretching from Japan through the Philippines, southeast Asia, and northern India. The Chinese objective might be to provide coverage of important military bases and population centers within this area, hoping in this way to hold Asian countries hostage against any US threats to China. They might consider that this could be accomplished by the deployment of some 80-100 MRBM launchers in fixed, soft sites.

Barring economic or political disruptions we believe that China will proceed with MRBM deployment somewhat as above, although it may be the mid-1970's before deployment on this

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scale is achieved. For both military and political reasons we do not anticipate any early deployment of MRBMs directed at the USSR, although some of those MRBMs located in Manchuria would have the capability of hitting targets in the Soviet Union.

39. *IRBM.* If, as we believe, the Chinese are working on a 1,000-mile MRBM and an ICBM, there would be only a marginal requirement for an IRBM. Moreover, we see no evidence of any such program and consider any early Chinese efforts to develop an IRBM unlikely.

40. *ICBM Deployment.* We estimate that the Chinese can have an ICBM system ready for deployment in the early 1970's. Conceivably, it could be ready as early as 1970-1971. But this would be a tight schedule and makes allowance for only minor difficulties and delays. We have no evidence that flight testing of the ICBM has even begun. Should the Chinese encounter major problems, the IOC of an ICBM would be later. In any event, we will almost certainly detect extended range firings once they begin, and monitoring of these tests will probably provide about one year's advance warning of IOC. With further nuclear tests, the Chinese should have by 1970 a one to three mt thermonuclear warhead suitable for their ICBM.

41. We have no basis at this time for estimating how far the Chinese will carry deployment of their first-generation ICBM. In view of the requirements of other military programs and the pressure on resources, however, we believe deployment will proceed at a moderate pace and well below any possible maximums. By moderate we mean that in 1975 the number of operational ICBM launchers might fall somewhere between 10 and 25.

42. Additional information bearing on the probable scope of both the MRBM and ICBM programs should be available over the next year. In the meantime, we have some clues suggesting that the Chinese are already at work on follow-on systems. The best evidence of this is a large installation the Chinese are building at Hu-ho-hao-té in Inner Mongolia which we believe is for testing and manufacturing composite solid fuel rocket motors. This complex is still under construction and it will probably be at least three years before motors developed here could be ready for flight testing. Thus, it is too early to tell what kind of missile the Chinese are working on. But the fairly large size of the static test facilities at this installation suggests that some kind of long-range system is envisaged.

43. *Medium Bombers.* We believe the Chinese intend to produce the TU-16 bomber at Sian. Such a medium bomber with a combat radius of 1,650 n.m. would give more range than an MRBM and would provide an interim carrier for thermonuclear weapons. It would also add flexibility to China's military capabilities. Finally, the Chinese may consider it useful to follow through on the original plan (which dates from the late 1950's) for TU-16 production in order to gain experience useful in the future development of larger aircraft. Few if

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any TU-16s could be available before early 1969, but by 1972 there could be 75 or so assigned to operational units. By that time, it is possible a follow-on bomber could be in the early stages of R&D and would eventually replace the TU-16 force.

44. If the Chinese plan to use their TU-16 aircraft against naval and other clearly defined radar targets, they would probably produce some of them in an air-to-surface missile (ASM) configuration. The Chinese probably have the capability to develop an ASM, with a 75 to 100 n.m. range, and given time, a compatible nuclear warhead. But in view of the pressures of other programs, we would not expect to see an operational ASM system before 1972-1973.

45. *Missile Launching Submarines.* We believe that development of an SLBM system will continue to suffer from a lack of priority for several more years.

There is no evidence that the Chinese are building G-class submarines. Thus, it would probably be at least 1970 before additional missile launching submarines could be available. The Chinese have shown some interest in nuclear-powered submarine technology, but, even if they have already started working on designing such a submarine, the first unit probably could not be operational until the late 1970's.

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SECTION 30

NIE 13-9-68

The Short-Term Outlook
in Communist China

23 May 1968

APPROVED FOR RELEASE
DATE: MAY 2004

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23 May 1968

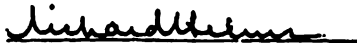
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NATIONAL INTELLIGENCE ESTIMATE

NUMBER 13-9-68

The Short-Term Outlook in
Communist China

Submitted by



DIRECTOR OF CENTRAL INTELLIGENCE

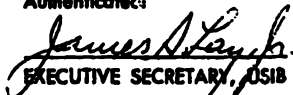
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23 May 1968

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Nº 439

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THE SHORT-TERM OUTLOOK IN COMMUNIST CHINA

THE PROBLEM

To estimate the main trends and outlook in China over the next year or so.

CONCLUSIONS

A. The situation inside Communist China is still highly fluid and the outlook uncertain. Disorder, confusion, and unrest continue but have been reduced since the high water mark last summer. Nevertheless, the ranks of those alienated by the Great Proletarian Cultural Revolution have grown; the costs in political control, social discipline, and economic progress have far outweighed the gains. Though Mao was successful in breaking high-level opposition in the old party apparatus, in its broader aspects his Cultural Revolution has been a failure and we believe it will be gradually phased out.

B. Mao still appears to be the central figure and source of basic policy. Mao and the regime are officially committed to the reconstruction of a new framework for administrative and political control. On balance, we believe that the trend will be toward regaining some stability, in part because of the increased influence of the moderate elements in Peking. But there still will be sharp twists and turns, occasional crises, and disorder and turmoil at various levels which will reflect strong differences among factions and leaders over policies and tactics.

C. The military will remain Peking's most reliable instrument over the coming year. As the only cohesive force with a nationwide system of command and control, the military will have to serve a variety of administrative and control functions. The scope of the rebuilding effort—political, economic, and social—may require the heavy support

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of the People's Liberation Army (PLA) for some years to come. Military dominance in political life may become institutionalized, particularly if political reconstruction boggs down in violence and disarray requiring the repressive force of the PLA. The corollary to this increased political role is the diversion of the PLA from normal military routine and a consequent reduction in its military readiness.

D. The damage to the economy as a direct result of the Cultural Revolution includes depressed industrial production, a delay in modernization and economic growth, aggravated labor problems, setbacks in the training of technical specialists, and a general hiatus in the formulation of new economic policies and plans. The cumulative damage to the economy of prolonged political turmoil will not be easily or quickly repaired. Whatever the political course for 1968, agricultural output is not likely to repeat last year's very good harvests, which benefited from exceptionally good weather. At best, China can hope only to restore stability and balance to the economy in 1968, foregoing any prospect of expansion. Indeed, there is a possibility that a reduction in food output, combined with problems of collection and distribution, could cause a serious food shortage by 1969, which in turn could have serious political repercussions.

E. "Red Guard diplomacy" cost Peking last year in relations with Communist as well as non-Communist regimes. Since last summer, however, the regime has taken steps to reduce the violent and provocative influence of internal affairs on foreign relations. In the main, the Cultural Revolution has not altered the general line of Chinese policy abroad; it still remains revolutionary in tone but cautious and prudent in deeds. Preoccupation with internal affairs is likely to relegate foreign concerns to a secondary role.

F. A major uncertainty in any estimate of China's future is the problem of Mao's passing. The events of the past two years have made it more likely that Mao's departure will usher in a stormy and possibly protracted period in which policy differences and power aspirations will continue to fuel a leadership struggle. Mao's legacy is likely to be an enfeebled party, a confused bureaucracy, and a divided and harried leadership. In our view the ultimate result will be to accelerate the rejection of Mao's doctrines and policies.

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DISCUSSION

I. BACKGROUND

1. The Great Proletarian Cultural Revolution is entering its third year. It has already had a profound effect on every aspect of life in China, on the country's internal and external policies, and on its probable future. The course of the revolution has been highly erratic. Moreover, the reasons behind the various twists and turns have often been obscure and confusing.¹

2. Despite fluctuations in policy and revolutionary activity, the general trend through last summer seemed to be one of increasing violence and turmoil as the traditional forces for maintaining order were weakened. By August a climax of sorts was reached. Fighting among various revolutionary groups reached a peak. Civil disorder reached dangerous proportions. The People's Liberation Army (PLA) came under sharp political attack, and political maneuvering suggested a crisis within the top leadership over the future of the Cultural Revolution.

3. Suddenly, in early September, Peking shifted the line, demanding once again that moderate directives actually be implemented. The attack on the PLA was repudiated. The army was finally empowered to use limited force to retrieve weapons seized during the summer. Revolutionary excesses were condemned. Some of the political leaders were purged on charges of ultraleftism. Stabilization became the official program: Peking revived its call for alliances of Red Guards, PLA leaders, and trusted party cadres as the prerequisite for constructing the new "revolutionary committees," which would assume administrative responsibilities in the provinces. It reaffirmed its policies that party cadres were to be rehabilitated; factional struggle was to be halted; students were to resume classes; nationwide coordination by revolutionary groups was to be restricted. By the end of the year Peking was claiming "decisive" victory for the Cultural Revolution. There were indications that a party congress would be convened to legitimize the changes. In short, it appeared that the "destructive" phase had ended and a "constructive" phase had begun.

4. But the reality has been far different. The "alliances" have frequently aggravated wounds rather than healed them. The revolutionary youth resent their eclipse and, as they remain in official favor, are still a volatile force in an unstable situation. Violence has not ended; severe fighting continues to erupt in scattered cities. The army remains the only effective control instrument in most of the country. The new revolutionary committees have been formed with the greatest difficulty. The new order is being built on a series of unstable compromises.

¹The discussion of the origins of the Cultural Revolution contained in NIE 13-7-67, "The Chinese Cultural Revolution," dated 25 May 1967, ~~SECRET~~, paragraphs 3-7, appear to be still valid.

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SECRET**II. FACTORS IN THE CURRENT SITUATION****A. Mao and His Adherents**

5. Any estimate of China's future course must begin with the position and attitudes of Mao Tse-tung. Despite uncertainties over his health and mental capacities, he still appears to be the central figure and the source of basic policy. The Cultural Revolution has reflected Mao's concern over party bureaucracy and growing problems within the society. He has also been concerned to reassert his authority in the party and to rekindle revolutionary fervor in the country at large.

6. Mao apparently felt that the party could not be remolded, but had to be terrorized and demolished before a new order could be constructed. The record thus far suggests that Mao remains firmly dedicated to the notion that the Chinese revolution can only be kept alive by involving the "masses" in direct participation in "revolutionary action." From Mao's standpoint, moreover, the past two years have brought some notable gains. He and his coterie have broken the top level resistance that confronted him in the early 1960's. And he has brought the younger generation into direct participation in political life and revolution. But these gains have yet to be consolidated in the creation of a new revolutionary order, which is now the paramount task.

7. Thus far, Mao has displayed considerable tactical flexibility in pushing the Cultural Revolution, but his room for maneuver has been gradually narrowed for several reasons. Neither the social order nor the economy can long tolerate a political vacuum and chaotic direction, and their requirements impose a time limit on the Cultural Revolution. Moreover, Mao has not had the whole hearted support of all of his colleagues. While few have dared to confront him directly, attempts must have been made to deflect him from his more radical plans. Others probably have tried to limit the power and influence of those leaders who have risen rapidly to the top as a result of the Cultural Revolution. Mao's own plans have probably not been firmly fixed, since a major concept of the revolution has been to stimulate the "masses." Thus, at various points, new and unforeseen situations have developed which have dictated retreats as well as advances. As each radical phase has brought more damage, the ranks of those alienated by Mao's tactics and policies have grown.

8. As long as Mao is in power, a group associated with his more radical policies is likely to retain a strong position within the top leadership. Such elements will almost certainly continue to encourage Mao to push his more revolutionary ideas. They will also work against the more moderate elements and policies that seem to threaten their positions, and they may also turn against each other as has happened in the past. Such competition is likely to be undertaken particularly with a view toward the succession to Mao.

9. The position of Lin Biao is one of the great mysteries of the Cultural Revolution. He issues instructions in the name of Mao, and on the record, he is Mao's "best pupil" and selected heir. A cult of sorts has developed around Lin, and

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he seems to behave in the Mao tradition of rare public appearances and pronouncements. Apparently, he stands above the fray of daily struggle. In such circumstances it is difficult to determine with any certainty his actual role or the extent of his political influence.

B. The Nature of the Opposition

10. Opposition to Mao and the Cultural Revolution is ill-defined and lacking in cohesion or central direction. Despite charges of plots against him, there has been no straightforward effort to depose Mao that we are aware of. The leadership has responded to Mao's purges, not by overt opposition, but rather by maneuvering for survival. This has involved evasion, passive resistance, blunting of directives, and astiduous protection of vested interests. This defensive reaction has been most risky in the upper echelons where purges have been severe. But at the level of provincial officials and below, despite numerous purges, this form of opposition has been relatively effective, in large part due to the chaos that has grown as the Cultural Revolution has more and more disrupted the social order.

11. One of the principal results of the resistance to the Cultural Revolution has been the development of two wings in the top leadership. On the one hand there are those vested interest groups and leaders whose primary concern is with maintaining order, stability, and national security, and on the other those charged with the conduct of the revolution. Among the more moderate forces are the PLA, the government bureaucracy, and most of the "old guard" of the party. Probably they do not constitute a permanent faction, but rather a loose coalition in competition with the Cultural Revolution Group under Chen Po-ta, Kang Sheng, and Madame Mao.

12. As number three in the Peking hierarchy, Chou En-lai has played a major role in the Cultural Revolution. He continues to maneuver adroitly through complicated political conflicts, remaining in the fray but somehow above it, serving Mao but at the same time moderating the more extreme consequences of Maoist policies. As premier of the State Council, Chou has for many years had responsibility for administering China's economic, military, and governmental bureaucracy. He has thus been the spokesman for what we have come to view as the more moderate interests in China. As such, we see him as the symbolic if not actual leader of this group.

13. There is considerable evidence that there are important differences in the leadership over policy, objectives and tactics though there are probably also areas of common concern. These differences reflect the division of competing interest groups as well as political infighting for personal gain. Furthermore, conflicts are unavoidable in the bizarre situation of a regime in power trying to conduct a revolution without at the same time destroying the country and itself. These conflicts have been responsible for the twists and turns in policy and for the air of uncertainty prevailing at various times in Peking. Since September 1967, the forces working for moderation appear to have made im-

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portant gains in power and in their influence over the course of the revolution. Recently, however, the campaign against right deviation has shown that the Cultural Revolution Group is by no means out of action.

14. In sum, we believe the leadership is divided on policy matters and is strained by the existence of factions with competing aspirations for power. It will retain a superficial unity as long as Mao presides over it, but the divisions will be an element of potentially great instability in the short term and especially during the post-Mao period.

C. The Instruments of Power

15. The institutional structure of China has been heavily damaged. The effective control formerly exercised by the regime through the party has been seriously weakened. No longer is it clear that Peking speaks with one voice; no longer are its institutions inextinguishable and unassailable. Authority and discipline have suffered accordingly. By endorsing the slogan "to rebel is justified," Mao has gone far to undermine the mechanisms of control.

16. *The Party Apparatus.* The Communist Party of China has not been repudiated, and the Maoists claim it will be reconstructed and purified. Nevertheless, its organizational structure has been disrupted, its prestige badly tarnished, its authority virtually demolished, and its future therefore beclouded. The party elite at all levels from Peking to the counties had been drawn from the "old guard," or those two million members—10 percent of the membership—who had joined the party by 1949. This elite justified its status on the grounds of seniority, the sharing of pre-1949 hardships, and its unshakable loyalty to Mao and the party. But this elite has become disoriented and shaken to its roots, first, by Mao's denial of its worth and, second, by Mao's support of young revolutionaries who dispute the qualifications and relevance of the "old guard" for ruling China.

17. Top party leaders had been purged in 1966, but the full assault on the party came in early 1967 when the Red Guards were ordered to "seize power" and "to drag out the power-brokers." As a result, in each organ and unit one or more of "old guard" officials were selected for severe criticism, pillory, and, in many cases, purging. This ritual symbolized the subordination of the party and the "old guard" to Mao and the revolutionaries, but it also paralyzed party operations. The party secretariat has ceased functioning; the party's six regional bureaus are being by-passed and presumably have been deactivated; provincial party committees are being replaced by the new revolutionary committees.

18. The attack on the party has demoralized and confused the cadre. Their ties with deposed party leaders, no matter how routine, have been grounds for suspicion and attack during the witch-hunts of the revolutionaries. Defensive actions on their part have been defined as opposition to Mao. Attempts to organize their own Red Guards have contributed significantly to the wide-

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spread factional struggles. Longstanding working relationships between party workers and their counterparts in the local military establishments have occasionally led to mutual efforts at resisting Red Guard intrusions. Among the lower level cadres, dropouts have been common as the confused directives and contradictory policies have left them in exposed and dangerous positions.

19. *The Governmental Structure.* Many of the experienced bureaucrats have also been discredited and removed. The formerly efficient bureaucracy is showing clear signs of strain as it responds indecisively to what are, at best, confusing orders. At the provincial and local levels, governmental operations have been severely hampered by the administrative confusion. At the center, governmental ministries continue to function but Red Guard disruptions have clearly interfered with normal business. Governmental ministers have undergone criticism and many have been lost to the purge; even Chou En-lai has not been able to protect all of the key personnel in the government. As a result, administrative chaos has occurred, especially at the provincial level, which has required the intervention of the army.

20. *The Military.* Initially it seemed as if the PLA might be only lightly involved with the Cultural Revolution. The military leadership, however, has not escaped the purge, even though the full disruptive force of the Cultural Revolution has been generally kept out of the inner workings of the PLA. Most of the losses have been within the political commissar system, but commanders have been removed as well. As the authority of the party and the government declined, the PLA, as the only cohesive force with a nationwide system of command and control, was drawn in to maintain stability and order. It was assigned a wide variety of administrative and control functions throughout China.

21. Given this central role, the PLA has found itself heavily involved in local politics as well as in top level disputes. Its problems with these unfamiliar tasks have been severely complicated by vague and often contradictory directives from the center. In many instances, the PLA encouraged and supported "conservative" Red Guards. However, the most common reaction was to adopt a neutral role in the political disputes and to concentrate on restraining the violence. Even here, however, the PLA often was unable to remain neutral or to act as peacemaker between warring factions. As a result of these contrasting responses, there have been splits at various levels in the PLA at various times. Although usually extolled by the Peking leadership, the army's difficult role has brought it under attack on several occasions by the militants of the Cultural Revolution Group.

22. *The Revolutionaries.* The role of the Red Guards and more adult "revolutionary" groups, which were organized later, has fluctuated with the ebb and flow of the Cultural Revolution. As shock-troops in the initial assault on the party, the young revolutionaries were useful to Mao. The massive Red Guard rallies of 1966 had demonstrated the potency of Mao's unique ability to manipulate the "masses." The prompt and enthusiastic response to Mao's charisma was an effective warning to actual or potential opposition. More recently, ideological

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favor has declined among the revolutionaries as it has among the population at large. Evidence is accumulating that the continuing factional violence owes less to ideological motivation than to struggle between organizations representing the "haves" and "have-nots" for power, status, and material advantages.

23. As the top level control instrument of the Red Guards and other revolutionary organizations, the Cultural Revolution Group has also been unstable. The original 17 member group has been largely purged. However, the top leaders—Chen Po-ta, Kang Sheng, and Madame Mao—retain their prominent rank; with the possible exception of Kang, their rise and their survival is largely due to their close ties to Mao. Their vested interest in continuing "revolution" is no doubt reflected in their advice to Mao as well as their guidance of the Red Guard revolutionaries.

24. *The New Power Structure.* Peking has been trying since early 1967 to put together a new power apparatus incorporating the party cadres, the PLA, and the "revolutionary masses." The center has officially proclaimed that each province and city is to be governed by a revolutionary committee based on a "three-way alliance" of these elements. The first revolutionary committee was formed in Heilungkiang Province on 31 January 1967. Progress was slow and erratic last year, but the pace has quickened in recent months, and only a few major administrative areas have yet to set up the new committees.

25. The future role and powers of these revolutionary committees are quite uncertain, especially in light of a policy to rebuild the party. The committees have been described as only "provisional." Nothing has been said, however, of reestablishing the provincial governments. In any case, the regime has indicated it hopes to complete the reorganization process during 1968.

26. The process of forming a new administrative apparatus for the provinces has sharpened the very factionalism it was intended to halt. Rival Red Guard organizations have resisted mergers with old enemies, the relationship between former party cadres and the Red Guards is still greatly strained, and the PLA has been hard pressed to carry out its ambiguous orders. Even though violence has abated in the general sense, fierce political infighting and tensions continue. In effect, there will be a requirement for the PLA to remain in control until the new revolutionary committees develop unity and administrative effectiveness or until the party is itself sufficiently reconstructed to reassert authority.

D. Social Order

27. In addition to the violence directly related to the politics of the Cultural Revolution, there has been a general decline in social order and discipline in China. We cannot determine how pervasive the present lawlessness (black-marketing, bribery, profiteering, petty crime, and the violent settling of old scores) has become. But the regime's former effectiveness in suppressing such activity has clearly deteriorated. Moreover, the surplus urban population, which had been moved into the rural areas, has flowed back into the cities where it survives as best it can, often illegally. Similarly, the students have resisted

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regime orders to return to their schools, and have done so in the name of Mao. For their part, the workers have taken advantage of the confusion to push for greater material benefits and better working conditions. Unless these tendencies toward unsectioned individual and group action can soon be contained, they could have far-reaching implications for the future of the Communist system in China.

29. Psychological coercion through propaganda and the all-pervasive party are no longer effective controls, and the PLA lacks the numbers and the organization to control society as the party did. Until an equivalent of the party's control mechanism can be rebuilt, which may take years, the regime has little alternative to accepting a reduced presence in many areas. Revolutionary excesses have created unrest and the invitation to seize authority has encouraged forceful attempts at solving problems. Sporadic violence is therefore likely to continue in 1968. Even with clear and precise orders, the PLA will need time to control the situation, and will certainly be unable to remove the underlying tensions. Ultimately, Peking may have to choose between a heavier use of military power to maintain order and a more flexible approach to social controls, such as material incentives.

E. The Economy

29. Despite Mao's radical views on economic development, economic policy has not been subjected to the extremes of the Cultural Revolution. Even though many of the existing policies are being attributed to the disgraced Liu Shao-chi, we have seen no significant departures from the relatively permissive line on private plots and free markets in the rural areas or from relatively conservative policies in industry. Thus, despite the unceasing rhetoric endorsing Mao's views and refuting those attributed to Liu, the actual policies have been relatively unaffected. As regards planning, the Third Five-Year Plan (1966-1970) is no longer referred to and is almost certainly a dead issue.

30. The disorder and turmoil had an adverse effect on the economy in 1967. Production losses in industry have been reflected in reduced construction, in declining inventories, and in depressed foreign trade. Disruptions in transport and coal shortages in particular affected the entire economy. Agriculture, on the other hand, was a bright spot due to unusually favorable weather, and this has sustained consumption, thus precluding severe personal hardship.

31. In the urban labor force, with industrial production down and the population of working age expanding, the number of unemployed and underemployed has jumped in the last 18 months. At the same time, the regime has been preaching frugality and has been attempting to cut wages and fringe benefits. These developments, coupled with the general turmoil and factionalism of the Cultural Revolution, have led to serious clashes between groups of workers and widespread discontent with living standards and employment opportunities. The regime has promised to reexamine the whole wage question at a later stage

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in the Cultural Revolution. In the short term, however, no relief can be expected and popular discontent probably will mount.

32. In the longer run, the economy's need for highly trained specialists has been seriously compromised by the nearly two-year closure of the universities. The very virulence of the attack on intellectuals will make a resumption of effective higher education difficult. Indeed, if the curricula are changed in the proposed direction of eliminating foreign influences in favor of Maoist dogma, then the quality of education could suffer a further serious decline. The closure of lower and middle schools is less serious in terms of vocational skills because those schools had already graduated more students than could be absorbed by the modern economy.

F. Military Capabilities

33. The heavy commitment of troops to Cultural Revolution activities has almost certainly disrupted the training mission of the PLA; that it may also be disturbing the morale and effectiveness of the troops is more difficult to prove, but nevertheless likely. The scope of the rebuilding effort—political, economic, and social—that now faces the regime seems likely to require the heavy support of the PLA for some time to come. As a result it is unlikely that the military can recoup its losses in combat readiness. The sheer weight of the political and administrative tasks will inevitably affect the performance of its military duties. In the event of a military threat to China, however, the PLA probably could give a good account of itself.⁵

34. Construction, missile firings, and nuclear testing have continued in the modern weapons field throughout the Cultural Revolution. But there is good evidence that political turmoil has spread to organizations directing and implementing the advanced weapons program. In a speech of January 1968, Chou En-lai deplored the damage that factional strife had caused in the military industries. He referred to prolonged political struggles and damage to equipment in the ministry responsible for missiles. We have no solid information on how serious those disruptions might have been. But it seems likely that resource allocation and policy guidance must have suffered during the excesses of the Cultural Revolution.

III. PROSPECTS

A. Internal Policy

35. There are of course a number of major uncertainties affecting any estimate of China's future course. There will be unforeseen events, such as the kidnapping at Wuhan last year, or the death of some key figure such as Mao, Lin, or Chou. Personal animosities and tension among competing interest groups have intensified, they may increase to the point where they will prevent orderly resolution of major issues. Conflict will almost certainly continue over the

⁵A more detailed discussion of military readiness will be taken up in the forthcoming NIE 13-3-68, "Communist China's General Purpose and Air Defense Forces."

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process of reconstructing the party and there will be tension over the relative influence of military and civilian leadership. Outside events, such as the war in Vietnam, could alter Peking's attitude. Popular disillusionment as well as economic disruption may preclude any early restoration of social stability, particularly if there is a sharp decline in farm output in 1968, further discrediting the present leadership.

36. It is unlikely that Mao will ever be satisfied with a general stabilization of political life at the cost of his revolutionary programs. He will probably try to keep on initiating such programs to achieve further changes in Chinese society and politics, though with some appreciation of the dangers of anarchy and economic chaos. He is likely to be suspicious of retreats and to favor periodic upsurges in revolutionary efforts. If he sees the responses as incorrect or inadequate, he may attempt further purges. This basic attitude of Mao has been and will continue to be responsible, to a large extent, for the continuing turmoil. As long as there is room for doubt over Mao's attitude toward how to continue the "struggle," there will be elements in the leadership and especially among young revolutionaries who will be encouraged to persist in their disruptive notions in the name of Mao. They will do so partly in the belief that this is actually what is wanted, regardless of official edicts to the contrary, and partly to protect or enhance their power positions.

37. Thus, the outlook for China is at best uncertain. On the basis of the record it would be prudent to allow for some sharp turns and surprises. But the trend appears to be running against the extremes of Maoism. Even though China has demonstrated remarkable tolerance for prolonged chaos, there appears to be growing recognition in Peking that it is time to cut the losses of the Cultural Revolution and to consolidate the limited gains.

38. On balance, we believe that the trend will be toward regaining stability. This is partly because the resistance to the revolution reached dangerous proportions last summer and threatened a confrontation between the army and the revolutionaries. It also reflects increased political influence of the more moderate elements in Peking. Finally, Mao himself probably concurred in the move toward moderation, since he himself hopes to reconstruct a new order out of the disruption of the old party apparatus.

39. The Cultural Revolution as such will not be repudiated, just as the Great Leap Forward was never formally discredited, but under the guise of victory statements, the more radical and destructive features will probably be set aside. This does not mean the situation will promptly return to normal. There is likely to be considerable disarray and confusion for some time. Fighting will probably break out from time to time and become severe in some areas. Political maneuvering in Peking will continue.

40. We believe that a new organizational framework will gradually evolve. Its ultimate composition and correlation of forces is uncertain. Mao at least intends that it should reflect the influence of the new revolutionary generation; the Cultural Revolution Group will seek to establish revolutionary influence over

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the process of party building and within the revolutionary committees. The record thus far, however, suggests that the PLA and the party cadres will probably be the predominant elements. Thus, the reconstruction of the party and the evolution of the powers of the revolutionary committees will probably be the sources of continuing struggle, though perhaps not in as violent a form as in the past two years.

41. The military will remain Peking's most reliable instrument of control over at least the coming year. The PLA will have the main responsibility for carrying out the political reorganizations. Military dominance in political life may become institutionalized, particularly if political reconstruction bogs down in violence and disarray or if economic and social problems require the repressive force of the PLA.

42. Beset by many problems, China can at best hope only to restore stability and balance to the economy in 1968, foregoing any prospect of expansion. Even this hope rests on the dubious assumption that China can restore effective economic priorities and discipline at a time of continued political conflict. For example, Peking would have to reimpose effective controls over the distribution of food, wages, and movements of the population. In view of the limited progress towards economic stability so far this year, economic performance for the whole of 1968 probably will show a continued decline.

43. In any case, a decline in agricultural production is likely compared with last year's very good harvests. Weather conditions are unlikely to be as favorable as in 1967, the supply of chemical fertilizer will be reduced, and the effects of poor management in the irrigation system will be felt. The lack of firm administrative control may lead to serious problems in procurement and distribution of food. Thus, there is a possibility that severe food shortages will develop by 1969, with major political consequences. At a minimum, farm output in 1968 will probably be reduced enough to inhibit economic growth in 1969.

44. There are various indications that Mao considers the economic policies followed since the collapse of the Great Leap Forward to be revisionist; they relied too much on material incentives and discipline and too little on the inspirational, creative force of Maoist doctrine. Mao believes that only by unleashing the latent energies of the Chinese masses can China's economic problems be overcome. It may be that the Cultural Revolution was intended, in part, as a preparing of the ground for some drastic stroke by Mao in the field of economic policy.

45. If so, the situation hardly seems ripe for any such move. To attempt another Leap Forward type of experiment in the midst of the current turmoil and without an effective management and control apparatus, would invite an economic and social crisis. Peking will have its hands full in restoring order and balance to the economy and it lacks the investment resources to launch a significant long-term expansion program. We therefore conclude that major initiatives in economic policy are unlikely this year.

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SECRET**B. External Policy**

46. "Red Guard diplomacy" cost Peking heavily in 1967. Chinese diplomats arrogantly propagandized Mao's revolutionary dogma abroad while xenophobia was encouraged at home. This truculent approach created serious problems in neutral Asian countries such as Burma, Cambodia, Nepal, and Ceylon where China had earlier built up reasonably good relations. Diplomatic representatives in Peking were exposed to the fanaticism of the mob. British, French, Czechs, Russians, Mongolians, Japanese, Indians, and Indonesians suffered physical abuse in Peking; diplomatic premises were invaded and in some cases sacked. For at least four days in August, Foreign Minister Chen Yi was displaced by one of the ultraleftists thrown up by the Cultural Revolution.

47. The violent phase was relatively short-lived, and a more balanced approach has prevailed since the excesses of August. But the verbal assault on Burma, Thailand, Malaya, the Philippines, India, and Indonesia has continued. This harsher revolutionary policy in support of insurgency, even in countries with which Peking has diplomatic relations, will probably continue at least so long as Mao and his general line dominate in China. Although domestic preoccupations will make 1968 an unlikely time for Peking to mount any major subversive effort beyond its borders, we expect Peking to continue its low-level assistance to the Thai, Burmese, and Indian insurgents. Such assistance would be consistent with Peking's past actions in those areas where the danger of confrontation with the US is slight.

48. Vietnam remains Peking's most immediate concern. Even at the height of the Cultural Revolution, China maintained its military and economic support of Hanoi, tolerated almost open political differences, and sought to portray Vietnamese developments as successes for Mao's strategy. But in Vietnam as elsewhere in the Far East, Peking has been cautious about risking military confrontation with the US.

49. In the near future, Peking's aim will be to keep Hanoi moving toward what Peking hopes will be a major foreign policy success, the defeat or withdrawal of the US from Vietnam. To this end Peking will continue to urge Hanoi to persevere in a protracted war without overt Chinese participation.

50. Peking strongly opposes the idea of serious negotiations over Vietnam at this stage in the war. It will probably press Hanoi to be as stiff and uncompromising as possible in the discussions with the US. Even so, it will probably not take coercive measures such as cutting off aid to Hanoi. Peking lacks sufficient influence in Hanoi to block full-fledged negotiation on a settlement. Should Hanoi accept a cease-fire, Peking would disapprove but would have to accept Hanoi's decision.

51. At the other focal point of China's foreign policy, relations with the Soviet Union remain frozen in bitterness. Peking's obsessive anti-Soviet line has ruled out "united action" by the Communist nations on behalf of Vietnam, and has cost China the support of formerly friendly Communist parties. The result

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has been to heighten China's isolation, and together with the radical innovations of the Cultural Revolution, has damaged Peking's prestige on almost all fronts.

52. We see no basis for compromise in Sino-Soviet relations so long as Mao is alive. The Soviet build-up of military forces along China's northern border points up how far the conflict has progressed since 1960. China must be sensitive to this show of force, as well as the Soviet potential for subversion among the minority populations along the border. But we believe Peking will remain cautious about raising military tensions in border areas and will probably not undertake a comparable build-up on the Chinese side.

IV. AFTER MAO

53. If Mao dies in the next year or so, the succession will probably be disorderly and contentious. Lin Biao has received a clear mandate as successor but we believe his prospects of consolidating his position are quite uncertain. Initially Lin might take over as Chairman of the Board, with Chou En-lai as the Chief Executive. Chou's unique abilities might hold things together temporarily in a transition period. But varying attitudes and approaches of the leadership—only partially repressed by Mao's dogmatic rule—would soon erupt. We foresee a stormy and possibly protracted period in which basic political issues will fuel a fierce leadership struggle. Personalities will rise and fall as the leaders contest for positions in the new power structure. At this stage we are unable to say how the leadership might sort itself out. Much will depend on the balance of power which develops in the process of reconstructing a political order. Present trends suggest the military might play the central role in post-Mao China.

54. The judgment on Maoism is already coming in, and it will heavily influence the direction of future Chinese policy after Mao. Mao's legacy is likely to be an enfeebled party, a confused bureaucracy, and a divided and harried leadership. Factionalism and strife have replaced the discipline and unity that formerly characterized the regime. Mao's drive to revive revolutionary enthusiasm has had the opposite effect. It is possible that Mao may institute changes that restore some of Chinese communism's old forward momentum, but we doubt that his specific programs would long survive him. His campaign to break the hold of the past will probably have some limited success. But China's culture and traditions are already modifying Mao's communism even as Mao attempts to reshape old habits and customs. Most importantly, much of Mao's revolutionary dogma is proving irrelevant to China's problems in the modern world. It is likely that the rejection of his doctrines, though not necessarily of communism in the broadest sense, will accelerate at his passing.

SECTION 31

SNIE 13-69

Communist China and Asia

6 March 1969

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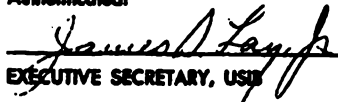
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COMMUNIST CH'NA AND ASIA

THE PROBLEM

To survey recent Chinese foreign policy and alternate lines of development in the near term; to define the nature of the Chinese threat in Asia, and to estimate Chinese intentions in the area; and to estimate the longer term outlook for Chinese foreign policy.

CONCLUSIONS

A. The Chinese Communist regime has fallen far short of its aspirations for a position of dominance in East and Southeast Asia and for the leadership of the world revolution. Neither its efforts at conventional diplomacy nor at supporting revolutionary struggles have been pursued consistently or with a regard to objective realities. Mao's ideological pretensions have earned China the enmity of the USSR, and his bizarre domestic programs have cost China greatly in prestige and respect elsewhere in the world. Yet China's location and size, and the traditional apprehensions of its neighbors, ensure for it a major impact upon Asia regardless of the policy it follows.

B. As long as Mao is the dominant figure, major changes in China's international posture do not appear likely. Mao will remain an insurmountable obstacle to any accommodation with the USSR, and there is little alternative to continuing hostility toward the US. A failure by the Vietnamese Communists to achieve their aims might require some shift in tactics, but the Chinese would almost certainly not launch an overt attack, nor would they be likely to open a major new front of conflict.

C. Nevertheless, Chinese aspirations for political dominance in Asia will persist. Almost certainly Mao and his immediate successors will not expect to achieve this by military conquest, although force and violence figure strongly in Mao's doctrines. The Chinese may hope that the possession of a strategic capability will give China greater freedom

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to support "people's war" or, more remotely, to engage in conventional war in Asia by diminishing the possibility of nuclear attack on China. Whatever Chinese hopes, however, the actual possession of nuclear weapons will not necessarily make China more willing to risk a direct clash with the US; indeed, it is more likely to have a sobering effect.

D. Whatever modifications in Chinese policy flow from its advance into the nuclear age, the principal threat from China will for many years be in the realm of subversion and revolutionary activity—mainly in Southeast Asia. In South Vietnam and Laos, Peking must take account of Hanoi's direct interests. China's policy toward Cambodia will be largely conditioned by Sihanouk's attitude. If he moves very far toward accommodation with the US, Peking's pressures against him—now minimal—would be increased. The Chinese may see Thailand as a more lucrative target for a Chinese-sponsored "people's war." Peking is already providing some training and support, but even the Chinese must realize that the Thai insurgency faces a long, difficult fight. The Chinese have a more clear-cut choice in Burma, and whether they significantly increase the insurgency or restore more normal diplomatic relations could be an indicator of trends in Peking's foreign policy.

E. The rest of Southeast Asia is less important in Peking's immediate scheme because the Chinese lack direct access and current prospects for insurgency in these areas are minimal. Peking seeks to weaken and embarrass India, but not to confront it directly so long as there is no threat to Tibet.

F. It is in the area of conventional diplomacy, which suffered severely in the Cultural Revolution, that Peking could most easily achieve significant changes. Restoration of normal diplomacy would facilitate a trend toward recognition of Peking, and this would in turn put pressure on other countries, particularly Japan, which does not want to be left behind in opening relations with the mainland. Taipei would undoubtedly suffer diplomatic losses in this process.

G. The departure of Mao could, in time, bring significant change in China's relations with the outside world. There could be contention and struggle for leadership that would freeze major policies during a long interregnum. But on balance, we believe Mao's departure will generate a strong movement toward modifying his doctrines.

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H. A less ideological approach would not necessarily make China easier to deal or live with in Asia. Pursuit of its basic nationalist and traditional goals could sustain tensions in the area, and a China that was beginning to realize some of its potential in the economic and advanced weapons fields could become a far more formidable force in Asia than is Maoist China.

DISCUSSION

I. INTRODUCTION

1. During 20 years of rule, the Chinese Communists have not come close to realizing China's aspirations for leadership or domination in Asia. There are many reasons for this. China has of course had to operate from an economic base inadequate to support the full range of its pretensions. Maoist preoccupation with making China the leader of the world revolution has often led to policies and actions harmful to other more traditional or conventional Chinese goals in Asia. The tension and inconsistencies in the basic Chinese approach to foreign policy have been magnified by frequent shifts in actual tactics and strategy. In consequence, Peking has failed to pursue any single course with consistency and maximum effect over a prolonged period.

2. In the flush of victory in 1949, Peking joined the USSR in proclaiming Asia ripe for revolution and called for "people's war" against all existing governments in the area. But China was not ready to offer much practical assistance to this end, local communist parties lacked the strength for revolution, and the principal result was to alienate the leaders and supporters of the newly independent Asian governments who considered themselves anti-imperialist and deserving of Peking's support, not its enmity.

3. The Korean war forced China to concentrate on more immediate security concerns, and in its aftermath Peking shifted to the line of peaceful coexistence abroad while concentrating on construction at home. But this line, which had considerable promise of winning friends, diplomatic recognition, and broad commercial opportunities for China, gradually gave way to a more belligerent and revolutionary line. By the late 1950's, the dispute with the USSR began to take shape and has since consumed a good deal of China's energies and attention. During the early 1960's, China suffered a great loss of prestige as the absurdities, administrative confusion, and economic chaos of the Great Leap became evident to the world.

4. By 1964, however, China seemed to be back on an even keel and growing in strength and influence. A working balance between support for revolutionary goals and improving China's international position seemed to exist in Chinese foreign policy. China was closely aligned with North Vietnam and North Korea, commanded respect among numerous communist parties, and had established an "axis" with Indonesia. The revolutions in Vietnam and Laos were progressing.

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Maneuvering was underway for a new Afro-Asian conference, which the Chinese hoped to turn against the USSR. Several noncommunist states were considering recognition, and France actually took this step. Chou En-lai embarked on an extensive tour of Africa. In October 1964, Mao's archenemy Khrushchev fell and the Chinese exploded their first atomic device.

5. But once again a combination of circumstances intervened to produce major shifts in the Chinese posture in foreign affairs. Suddenly, in 1965, the war in Vietnam became much more than another war of liberation. With the US intervention, Mao's theories on the validity of guerrilla war were being subjected to extreme test, and China itself felt the risk of direct conflict with the US. The problem was a delicate one: how to assure success in the Vietnam war without provoking an American attack on North Vietnam and ultimately China.

6. The entire question of how to confront the US was apparently the subject of a debate during 1965, a debate which was greatly complicated by changes in the USSR, where the new leadership was bent on rebuilding its position with Asian Communists, especially in Hanoi. The Soviet proposal for "united action" to support Hanoi, however, was regarded by Mao as a trap which would hamstring Chinese freedom of action and undermine Peking's claim to be the center of a new revolutionary movement. Most important, Mao saw that any accommodation with Moscow would contribute to the erosion of morale and ideological purity which he apparently feared was already spreading rapidly throughout the Chinese party and society.

7. In the rest of the world, the Chinese found that they had overestimated the revolutionary enthusiasm of their friends. Chou En-lai's African tour was cut short, after embarrassing reaction to his vivid descriptions of Africa's ripeness for revolution. With the collapse in 1965 of the "Bandung II" Conference in Algiers, China was rebuffed in its effort to form an anti-Soviet and anti-US bloc of Afro-Asians. The recognition by France was not followed by a rush of other countries. And the alliance with Sukarno collapsed in a massive bloodbath for the Indonesian Communists and a wave of violent repression of the overseas Chinese community there.

8. China reacted to these circumstances, not by muting its revolutionary propaganda, but by calling for an acceleration of the worldwide revolutionary movement. Supposedly, the various insurgencies, activists, parties, and front groups would step up their efforts in order to divert US resources and wear down the US will. At the same time, the USSR and its clients would be excluded from the new phase of intensified revolutionary activity, and China would remain the center of the movement.

9. The net effect of this line was to create an even wider gap between Chinese ideological prescriptions and objective reality. In dealing with major problems of national security, especially those involving a threat of confrontation with the US, China was forced to remain cautious and prudent. As the domestic crisis of the Cultural Revolution deepened, Peking became more and more rigid and

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doctrine, insensitive to the advice of its friends, utterly hostile and inflexible towards its enemies, and increasingly oblivious to the deterioration of its international position.

10. Even so, the Chinese leaders might have been content with their position had it not been for new developments in 1968. The onset of negotiations over Vietnam was tantamount to a repudiation of the Chinese by Hanoi, seemed to vindicate the position of the USSR, and pointed to growing Soviet influence. And the USSR engaged in a substantial military buildup in the Far East which was clearly directed against China. The Chinese have not reacted by a similar buildup of their own along the Soviet frontier, and they probably do not expect an open Soviet attack. But they are no doubt concerned about Soviet efforts to influence internal developments in China in one way or another. All this was brought into sharper focus by the invasion of Czechoslovakia and the subsequent promulgation of the "Brezhnev doctrine."

11. In sum, by the end of 1968, the revolutionary line had failed in its principal objectives. It was becoming increasingly clear that a settlement in Vietnam was not likely to validate Mao's strategy of "people's war." The influence of the USSR in the region had not been contained but had in fact grown, both in the communist capitals of Pyongyang and Hanoi, and in South and Southeast Asia. China had failed completely to achieve a "broad united front" against the imperialist US and the revisionist USSR. Instead it found itself "encircled," as Chou En-lai acknowledged, and isolated on most key policy issues.

12. Yet Peking's lack of progress toward its revolutionary objectives has by no means completely vitiated its influence in Asia. China's location, size, and history, buttressed by the traditional apprehensions of its neighbors, ensure for it a major impact upon Asia regardless of the policy it follows. Awareness of China's existence and potential for making trouble affects the current policies of every country in the area.

II. IMMEDIATE PROSPECTS

13. In the near term, there does not appear to be much chance for a major change in China's international posture. As long as Mao is the dominant figure of the regime and the source of ideological guidance, Chinese policy will probably be confined within fairly narrow limits. He is likely to remain an insurmountable obstacle to any accommodation or *modus vivendi* with the USSR. Indeed, Chinese enmity for the Soviet Union has recently reached a level at least equal to that against the US; China now has two "number one enemies." With age, Mao has become less flexible and even more obsessed with revolutionary goals. There is not likely to be any slackening in his commitment to the notion that China is the center for inspiring the world revolution and that its principal allies are not to be found in the established Communist regimes and parties, but in the guerrilla movements that have accepted "Mao's thought" and intend to persist in protracted struggle. In this sense, there is little alternative to continuing hostility toward the US.

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14. Yet within this fairly rigid strategic framework, there are signs of some greater flexibility in tactics. These signs are often contradictory and confusing, but they could be significant if domestic affairs are entering a new phase. The growing concern that the US and USSR are pursuing parallel, anti-Chinese policies may be a factor dictating Chinese moves to complicate or disrupt what they see as a tacit alliance. What such moves might be is not at all clear, and in the end they may be of no great significance. As long as Maoist ideology is dominant, however, the road to Moscow is blocked. Ironically, the Chinese may be coming to feel that they have more room for maneuver *vis-a-vis* the US than the USSR, though of course the Taiwan question will continue to obstruct Sino-US relations.

15. Whether shifts in Chinese tactics do occur could depend, of course, on developments in Vietnam. The Chinese already perceive that the war in Vietnam is likely to end in a negotiated settlement. They have taken some steps to mute their opposition to negotiations. And at some point in this process, they are likely to re-emphasize their broad political interest in the area, seeking to make it clear that no lasting settlement can be achieved without Peking's approval.

16. Of course, it is possible that the Chinese will choose not to adjust to developments in Indochina, but rather seek to disrupt them. However, a failure by the Vietnamese Communists to achieve their aims would probably not lead to extreme reactions by the Chinese. Almost certainly the Chinese are not going to launch an overt attack in Vietnam or seize some territory elsewhere, nor are they likely to open a major new front of conflict, using their own resources. At the other extreme, there is little likelihood that the Chinese will suddenly become quiescent because of the outcome in Vietnam. They are going to remain active in support of those movements that they believe are loyal to Maoist concepts and have some potential for effective development.

17. In any case, China's foreign policies are likely to be influenced to a significant degree by the internal crisis. Even if the extremes of the Cultural Revolution are already past, it is possible that a new phase of coercive social programs and disruptive economic initiatives may prove as debilitating as the political purge. If, on the other hand, a more moderate line in internal policies prevails, then order may also be gradually restored, and the Foreign Ministry professionals may gain greater influence over policy. But as long as Mao lives and rules in Peking, there will be an inherent instability in China. Foreign policy in a general sense will be subordinate to and reflect the internal line. Accordingly, Peking will be more likely to respond to outside events than to launch major new initiatives of its own.

III. THE CHINESE THREAT IN ASIA

18. All these considerations do not mean that China will be a negligible factor in Asia or in international politics. Chinese goals, in Asia at least, are fairly clear. Almost all Chinese—whether in Peking or on Taiwan—would agree that China's rightful position is one of political dominance on the Asian main-

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land, and ultimately throughout East and Southeast Asia. Such aspirations have deep historical roots. In this sense, China poses a threat to Asia and to those outside powers which seek to play an important role in Asian affairs. The question is how the Chinese intend to accomplish their objectives.

A. Military Power

19. Almost certainly the Chinese do not expect to achieve a dominant position by military conquest, even though force and violence figure strongly in Maoist philosophy and Chinese Communist practice. In the cases where the Chinese have resorted to military means—in Korea and India—this was, in their view, defensive to protect the security of their borders. Indeed, a principal objective of China, like most states, is to insure its security against unfriendly powers ranged along its frontiers. Where the Chinese see an immediate threat to their security, they will be prepared to use force, even pre-emptively. But neither Mao nor his immediate successors are likely to believe that the Chinese revolution can be exported by the People's Liberation Army, or that armed conquest in the style of Imperial China is a safe or profitable course.

20. All this, of course, applies primarily to China as a conventional military power, but its acquisition of nuclear weapons will not necessarily increase its aggressiveness. The Chinese may hope that the possession of a strategic capability will give China greater freedom to support "people's war" or, more remotely, to engage in conventional war in Asia by diminishing the possibility of nuclear attack on China. The Chinese certainly hoped to gain such freedom in the Taiwan Strait crisis of 1958 by exploiting the Sino-Soviet alliance to deter the US. Moscow's refusal in that instance to back China with nuclear threats was probably a major factor in convincing Peking that it must have its own nuclear weapons.

21. Whatever may have been Chinese hopes in the past, however, the actual possession of nuclear weapons is likely to have a sobering effect. China has no hope of achieving parity with either the US or the USSR in nuclear weapons in the foreseeable future.¹ Despite its propaganda concerning China's ability to withstand nuclear attack, Peking will almost certainly come to realize, if it does not already, that either the US or the USSR possesses more than sufficient nuclear weapons to devastate China.

22. In these circumstances, China is likely to remain cautious in areas of possible direct confrontation with the US or the USSR, calculating that its own possession of nuclear weapons may increase, rather than lessen, the chances of a pre-emptive nuclear strike against it. For some time, China is likely to value its nuclear capability primarily as a Great Power status symbol and for

¹ The Intelligence Community currently estimates that the earliest possible initial operational capability for a Chinese intercontinental ballistic missile is late 1972, and that if the Chinese achieve that date, they might have between 10 and 25 launchers in 1975. A modest program for deployment of medium-range ballistic missiles will also probably be underway in the next few years.

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its political effects. In sum, when China actually becomes a nuclear power during the next decade, it will probably be subjected to the same constraints and complications of policy as the other nuclear powers.

23. We cannot predict the ultimate effect of Chinese acquisition of nuclear weapons on the rest of Asia. At a minimum, China will gain greater prestige and respect; translated into political gains, this will probably mean that more countries will seek some relationship with Peking at Taiwan's expense, and that some will explore the possibility of accommodation, if Chinese policy is sufficiently flexible to permit such accommodations. However, few countries are likely to respond favorably to China's desire to monopolize nuclear power in Asia and to provide "protection" for the area against all outside powers. Indeed, the Chinese attitude may increase pressures in some Asian countries to develop their own nuclear capabilities or to cling more closely to other nuclear powers.

B. People's War

24. Whatever modifications in Chinese policy flow from its advance into the nuclear age, the principal threat from China will, for many years, be in the realm of subversion and revolutionary activity. Such activity will be conducted mainly in Southeast Asia where it relates directly to Peking's security interests in denying the US or other unfriendly powers positions close to China's borders. It also serves to satisfy the more general interest of China in establishing its own dominance in the area and in the world revolutionary movement.

25. *Vietnam and Laos.* To these ends, Peking supports and assists the Communists in Vietnam and Laos. For the present, at least, Peking has to take account of North Vietnam's direct interests in both South Vietnam and Laos. Peking could try to circumvent the North Vietnamese and open competing lines to the National Liberation Front and to the Pathet Lao. But its chances of gaining significant influence are poor and the cost in relations with Hanoi potentially so great that such a maneuver is unlikely. Though sharp disagreement could develop over tactics in Laos, in general Hanoi and Peking almost certainly share the same immediate goal: communist control of Laos, with Hanoi in the dominant role.

26. *Thailand.* As a close ally of the US and as a US strategic base, Thailand is a key object of Chinese policy in Southeast Asia and will probably receive increased emphasis after the war in Vietnam is settled. In this respect, Thailand is the most obvious target for "people's war." The political leadership of the Thai insurgency is now lodged in Peking, and the Chinese are providing some training and arms. Moreover, the Chinese have assumed a heavy propaganda commitment; recently they have announced the formation of a Thai "People's Army" supreme command and publicized the new manifesto of the Thai Communist Party.

27. The Chinese will almost certainly continue to support the Thai insurgents. Yet they must realize that the insurgency faces a long, difficult fight; it has made little progress in gaining the allegiance of ethnic Thais. And Thailand possesses

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many strengths. Thus, it is possible that at some point the Chinese might want to reconsider their support, if in doing so they could induce Bangkok to draw away from its alliance with the US.

28. *Burma.* A period of cordial Sino-Burmese relations was broken by Peking in the midst of the Cultural Revolution nearly two years ago. Since then the Chinese have openly supported the Burmese Communist movement and publicly endorsed the formation of a united front with the ethnic insurgents. During much of 1968, the insurgency did increase along the Sino-Burmese border. There is, on the other hand, some evidence that the Chinese may want to restore more normal relations. Neutralist Burma would, of course, be receptive to such a move, especially if accompanied by a letup in the insurgency. Thus the Chinese have a fairly clear-cut choice between increasing the insurgency in northern Burma and restoring more normal government-to-government relations. How they decide could provide some indication concerning the extent of their commitment to the policy of insurgency in general.

29. *Cambodia.* Relations with Phnom Penh have fluctuated in recent years, partly because of Sihanouk's belief that Peking is sponsoring an insurgency, which he styles the Khmer Rouge. But the Chinese have been willing to tolerate a number of insults and taunts from Sihanouk and to furnish him arms, mainly because of the importance of Cambodia to the prosecution of the Vietnam war. The Chinese also value the fact that Cambodia is ostensibly neutral and frequently anti-American. Finally, in the long term Cambodia could be of potential significance in developing an insurgency in Thailand, with Cambodian territory possibly serving some of the same purposes it has served in the Vietnam war.

30. Thus, a major change in relations will probably depend less on Peking than on Sihanouk. He has long believed that China will become the dominant force in the Far East, and he sees value in trying to use the Chinese as a counterweight to his traditional enemies, the Vietnamese and the Thais. In these circumstances, Peking will probably continue to have considerable influence in Phnom Penh. Nevertheless, if Sihanouk feels that the tide is setting against the Communists in Vietnam, he is capable of becoming more cooperative with the US. Should he attempt to move very far in this direction, however, neither Hanoi nor Peking would be reluctant to step up political pressures against him and to increase support to dissident groups in Cambodia.

31. *Other Areas.* Insurgencies in the rest of Southeast Asia are much less important in the Chinese scheme, mainly because the Chinese have no direct access and the insurgents' prospects are currently minimal. The attempt of the Maoist-oriented Indonesian Communists to develop an insurgency in East Java last summer resulted not only in failure but in the death of key leaders. Peking occasionally publicizes the exploits of the Malayan Communist Party, which in turn pays homage to Mao. Peking, of course, has a considerable potential asset in the large ethnic Chinese population in Malaysia, but the Communist movement's overidentification with the Chinese hampers its avowed policy of forming a broadly based movement with the Malays. Peking has little influence in the

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Huk movement in the Philippines, though China periodically publicizes the exploits of Filipino insurgents.

32. *India.* In the late 1950's, China came to regard India as a competitor for leadership in Asia, especially because India seemed to benefit from the support of both the USSR and US. Thus Chinese policy has been framed to harass and intimidate India and demonstrate that it was generally incapable of taking the role of a leading Asian power. Since the border war of 1962, the Chinese have maintained some level of tension and threat along the Indian frontier; their military aid to Pakistan serves the same general purpose.

33. If China chose to, it could probably cause considerable trouble by supporting dissidents along the Indian frontier, especially in the northeast. The Chinese eagerly publicized the Naxalbari uprisings in Darjeeling, as the beginning of a Mao-inspired peasant upheaval. In Eastern India, the Chinese have propagandized and apparently have provided limited arms and training to Naga and Mizo tribesmen. Peking's aim seems to be to embarrass and worry New Delhi without becoming deeply involved, and we do not foresee much change in this attitude.

C. Politics and Diplomacy

34. In general, China's relations with the noncommunist world have suffered in consequence of the Cultural Revolution. Its extreme xenophobia and hysteria impinged on Chinese diplomatic relations. Foreign diplomats in Peking were abused and humiliated; Chinese embassy staffs abroad were reduced and ambassadors withdrawn. Even now, the functioning of the Ministry of Foreign Affairs remains disrupted by political campaigns and factional disputes.

35. Nevertheless, it is in the area of normal political relations and conventional diplomacy that the Chinese probably have the greatest room for change. Without much effort, the Chinese could resume normal diplomatic activity in Europe, Africa, and the Middle East. Moreover, there appears to be a new movement towards diplomatic recognition of China. Though the Chinese have exhibited no eagerness for such recognition, there is no doubt they would regard it as a gain, especially if such a trend adds to pressures in Japan and elsewhere for closer relations with China.

36. The next two years should present the Chinese with new opportunities for exerting some influence on Japanese politics. The tensions associated with the Okinawa question and the US-Japanese Security Treaty all lend themselves to exploitation by Peking. China could make a serious overture to restore more normal commercial relations and could encourage the visits of influential Japanese politicians. To have a significant impact in Japan, however, Chinese maneuvers would require a more skilled and flexible diplomacy than Peking has been willing to adopt thus far.

37. Eventually, a return to more normal diplomacy does seem likely. The flow of visitors to China has begun to increase, relations with the foreign en-

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hassles in Peking have been eased, some new economic agreements have been concluded in recent months, and rumors recur that the Foreign Minister or Chou En-lai may visit abroad. Some reports have indicated that Chinese ambassadors are to return to their posts this spring. However, both China's internal politics and the reaction of Chinese leaders to foreign events could serve to delay moves to restore greater normalcy to Chinese diplomacy. Peking's abrupt postponement of the 20 February session of the Warsaw Talks—rationalized by references to the case of defecting Chinese diplomat Liao Ho-shu—suggests that Peking is as yet undecided about its foreign policy posture.

D. China's Vital Interests: Korea and Taiwan

38. In North Korea, the Chinese have seen their influence diminish significantly, largely because of their own rude arrogance and partly because of the consequences of the USSR's renewed cultivation of Pyongyang and Kim Il-song. Such a deterioration, however, is not likely to be a permanent state of affairs. Developments in Korea are of major importance to China, especially if tensions there continue and the danger of hostilities grows. Eventually, we expect the Chinese to repair their position and attempt to gain some influence over the Korean leadership. Probably, however, China will not pursue a policy intended to increase the risks of war. Its behavior during the past year, particularly in the Pueblo crisis, suggests that the Chinese are not about to pledge themselves unreservedly to Kim Il-song's adventurism.

39. Taiwan, of course, is a central element in Chinese foreign policy. US support for the ROC is a monumental obstacle to any Chinese reconsideration of its relations with the US. Peking will almost certainly not abandon its claim to Taiwan, and this position appears to rule out acceptance of a two-China solution. Yet there is not much Peking can do to gain possession of Taiwan as long as it is reluctant to engage in a military confrontation with the US. There is the possibility of pressure on the offshore islands (Kinmen and Matsu). Such a move might appeal to Peking as a test of US intentions in the post-Vietnam period, especially if it could be used to aggravate relations between Washington and Taipei.

IV. THE POST-MAO PERSPECTIVE

40. In some respects it is fruitless to speculate on the longer term development of Chinese foreign policy. The prospect of Mao's departure overshadows all other considerations. In many respects, the situation is analogous to that of the USSR in the early 1950's, when the death of Stalin unlocked Soviet foreign policy and led to a series of significant new departures. Naturally, this question is uppermost in China's case also. Will Mao's departure open a new era of significant change in China's relations with the outside world?

41. We believe that Mao's departure will generate a strong movement toward modifying his doctrines and jettisoning his disruptive programs. In foreign affairs, new leadership will ultimately seek to focus more effectively on national interests

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understood in terms of a more realistic world view. Even if Maoist rhetoric should temporarily survive, we believe the trend will be toward moderating the Maoist line in favor of more practical diplomacy. Some modus vivendi with the USSR is possible, though anything approaching a renewal of the old alliance is most unlikely. Moreover, we would not exclude a return to the tactics of peaceful coexistence as part of an effort to undermine the US position in Asia.

42. But such a process is not inevitable and it would not in any case have to be steady and uninterrupted. If there is contention and struggle for the leadership, major policies could be frozen for a long-term interregnum. The timing of Mao's departure and the identity of the principal survivors could be important to policy. Finally, there is the response of outside powers. It would make a great difference whether a new leadership had plausible alternatives or whether it believed that its enemies were seeking to exploit China's weaknesses and uncertainties. Thus, the transition from Mao and his generation may last many years before real changes evolve. Meanwhile, support to subversive movements, if not to active insurgencies, is likely to play a continuing role in China's external policy.

43. In any case, a less ideological approach would not necessarily make China easier to deal or live with in Asia. Pursuit of its basic nationalist and traditional goals could sustain tensions in the area, and a China that was beginning to realize some of its potential in the economic and advanced weapons fields could become a far more formidable force in Asia than is Maoist China.

SECTION 32

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The USSR and China

12 August 1969

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The USSR and China

Submitted by



DIRECTOR OF CENTRAL INTELLIGENCE

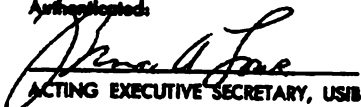
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THE USSR AND CHINA

THE PROBLEM

To estimate the general course of Sino-Soviet relations over the next three years.

CONCLUSIONS

A. Sino-Soviet relations, which have been tense and hostile for many years, have deteriorated even further since the armed clashes on the Ussuri River last March. There is little or no prospect for improvement in the relationship, and partly for this reason, no likelihood that the fragments of the world Communist movement will be pieced together.

B. For the first time, it is reasonable to ask whether a major Sino-Soviet war could break out in the near future. The potential for such a war clearly exists. Moreover, the Soviets have reasons, chiefly the emerging Chinese nuclear threat to the USSR, to argue that the most propitious time for an attack is soon, rather than several years hence. At the same time, the attendant military and political uncertainties must also weigh heavily upon the collective leadership in Moscow.

C. We do not look for a deliberate Chinese attack on the USSR. Nor do we believe the Soviets would wish to become involved in a prolonged, large-scale conflict. While we cannot say it is likely, we see some chance that Moscow might think it could launch a strike against China's nuclear and missile facilities without getting involved in such a conflict. In any case, a climate of high tension, marked by periodic clashes along the border, is likely to obtain. The scale of fighting may occasionally be greater than heretofore, and might even involve punitive cross-border raids by the Soviets. Under such circumstances, escalation is an ever present possibility.

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D. In the light of the dispute, each side appears to be reassessing its foreign policy. The Soviets seem intent on attracting new allies, or at least benevolent neutrals, in order to "contain" the Chinese. To that end Moscow has signified some desire to improve the atmosphere of its relations with the West. The Chinese, who now appear to regard the USSR as their most immediate enemy, will face stiff competition from the Soviets in attempting to expand their influence in Asia.

DISCUSSION

I. POLITICAL BACKGROUND

1. The causes of the Sino-Soviet dispute are complex and, by now, intertangled. Some reflect primarily the clash of important national interests, compounded by historical and racial enmities, and the distrust of one great power for a neighboring power. These conflicting interests include, for example, the USSR's refusal in the late 1950's to satisfy China's demands for the wherewithal to achieve a nuclear weapons capability, diverging foreign policies and international priorities, Chinese dissatisfaction with the terms of Soviet economic aid and Soviet economic sanctions, Sino-Russian competition for influence elsewhere in East and South Asia, China's claims to Far Eastern and Central Asian territory ceded to Russia during the 19th century.¹ To some extent these issues would have arisen to complicate relations between Russians and Chinese almost regardless of the political systems in Moscow and Peking.

2. Ideology has also contributed to the development of the dispute. From its early stages, Peking has challenged the USSR's ideological supremacy and infallibility. Mao has rejected the Soviet model for internal socialist development; has also has rejected Soviet strategies for encouraging the spread of Communism, and he has asserted that his own doctrines must be treated with the same respect as those of Lenin. A struggle for leadership of the world's Communist Parties continues, waged in great part with ideological arguments. These ideological arguments have compounded economic and political rivalries. The ideological perspective limits the ability of the two sides to compromise their own quarrels, to agree or disagree. Misconceptions of each other's motives and behavior tend to become encapsulated in doctrinal formulas, and are thereby made rigid.

3. Personalities have played some role in the quarrel. Khrushchev and Mao found each other particularly antipathetic. After the fall of Khrushchev, probes by both governments during visits by Chou En-lai to Moscow and Kosygin to Peking in the winter of 1964-1965 convinced both sides that their differences were beyond compromise. The Chinese interpreted Khrushchev's removal as a vindication of their own ideological positions, while the new Soviet leadership would not go beyond certain limits in modifying the basic course set by Khrushchev.

¹ See Annex.

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And while the Soviets now publicly express their hope that Mao's passing might lead to a less anti-Soviet policy in Peking, their private statements as well as their acts indicate that they expect the Chinese problem to be with them for the foreseeable future.

4. By mid-1965 the Chinese resumed their public attacks on Moscow and the new Soviet leaders moved toward a policy that might be described as the "containment" of China. This policy has several aspects: ideological isolation of China within the world Communist movement, political isolation of China by strengthening Soviet ties with Asian countries, economic isolation by drastically reducing Sino-Soviet trade, propaganda designed to warn the Soviet people and their allies of the perils of Maoism, and an impressive increase in Soviet military strength at key points along the Chinese frontier. The Chinese have tried to counter these moves by seeking support of other Communist states and Parties, by trying to establish pro-Chinese factions within Communist Parties, and by propaganda even more virulent than that of the Soviets.

5. In launching the Cultural Revolution, one of Mao's aims was to rid the Chinese Communist leadership of elements inclined towards revisionist policies attributed to Moscow. The Cultural Revolution movement was accompanied by an upsurge of anti-Soviet propaganda and maltreatment of Soviet personnel by the Chinese "masses." Judging from official Soviet propaganda, the Cultural Revolution convinced the Kremlin that the Chinese had virtually abandoned Marxism-Leninism, had eliminated moderate cadres, and had created a personal Maoist dictatorship intent on increasing its military strength. The fact that China was beginning to achieve a nuclear capability added to Moscow's fears. Thus the "containment" measures begun in 1965 were continued and even intensified.

6. From 1965 to 1969, Sino-Soviet state and economic relations declined steadily. Each country recalled its ambassador in 1968, and during the following year each unilaterally cancelled several minor agreements. Cultural contacts, ostensibly regulated by annual protocols, are in limbo. The February 1960 Treaty of Friendship, Alliance and Mutual Assistance is technically valid until 1980, but Peking has indicated that it does not count on or necessarily want Soviet military assistance, and the Soviets have implied that they would not feel bound to provide it. In the economic sphere, the total annual trade between the two countries, which reached a peak of over \$2 billion in 1959, sank to less than \$100 million in 1968.

7. As relations deteriorated, propaganda attacks increased. In February 1967, for example, when the Soviet embassy in Peking was under siege, the Sino-Soviet conflict accounted for about 85 percent of all Soviet propaganda, foreign and domestic, and about 80 percent of all Chinese propaganda. The Chinese were equally busy attacking the Soviets during November 1967, the 50th anniversary of the Bolshevik Revolution. Nearly as volatile was their denunciation of the Soviet invasion of Czechoslovakia in 1968. The Soviet use of force against a neighboring Socialist state was clearly disturbing to Peking. The Chinese chose this moment to protest publicly against Soviet intrusions into Chinese airspace, and

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to renew charges that the Soviets were building up troops along the border and in Mongolia.

8. With the Ussuri River episodes of March 1969, the already tense and hostile relationship between the two countries entered a critical phase. The dozen or so known border clashes have involved uniformed forces as well as civilians, and appear to have produced several hundred fatalities. During March, the levels of propaganda rose to unprecedented heights—to 30 percent of all broadcasts for the Soviets and about 75 percent for the Chinese—and the tone became notably harsher. Both sides began stressing highly emotional themes—heroic deaths, funerals, patriotic letters stained with blood, and the like. Since March, the level of propaganda has fluctuated at generally lower levels, but ominous new themes have appeared. Soviet commentators, who formerly sought to convey a Soviet attitude of calm and restraint in dealing with Red Guard extremism, now stress that Maoism, “a criminal racist theory,” represents a “chauvinistic intoxication” that has “reached a point of being a military threat” to the Soviet Union. In his June speech to the International Communist Conference, Brezhnev denounced the Chinese Communists at great length and alleged that Peking was preparing for nuclear war against the USSR. And although playing upon xenophobia and the threat of “foreign devils” is not a new tactic for Peking, the current campaign in China, emphasizing that the Chinese must not show “the slightest timidity before a wild beast,” seems to be more extreme than in the past. Lin Piao has warned that China may have to cope with “a big war . . . at an early date—a conventional war . . . or a nuclear war.”

9. Both Peking and Moscow have publicly expressed a readiness to negotiate their border disputes. Nevertheless, each side has adopted rigid positions and has made deliberately annoying statements. The Chinese deny they intend to claim thousands of square miles of present Soviet territory, but they insist that Moscow acknowledge that the treaties whereby Russian tsars gained title to those lands are “unequal.” The Soviet side has shown inflexibility by claiming that an uninhabited and frequently flooded island in the Ussuri River is “age-old Russian soil,” and it has suggested provocatively that Manchuria and Sinkiang are not historically part of China. The talks on navigation and border rivers which resumed in Khabarovsk in mid-June have yielded some results in the form of an agreement on navigation regulations for 1969; but no date has been set for broader talks on territorial matters, and the outlook for such talks is poor.

10. These developments outlined pose the larger question of how far the foreign policy of each regime will be affected by the continuing deterioration of the relationship. The Ninth OCP Congress did not formally denote Washington from its position as enemy number one, but the choicest vitriol was reserved for the Soviets. Chinese overtures this year to “ultra-revisionist” Yugoslavia suggest that Peking has become more flexible in pursuing a basically anti-Soviet foreign policy. There is good reason to believe that the Soviet leaders now see China as their most pressing international problem, and are beginning to tailor their policies on other issues accordingly. Brezhnev's suggestion for

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an Asian collective security system, and Foreign Minister Gromyko's address to the USSR Supreme Soviet in July, in which a moderate tone toward the West was juxtaposed with harsh words for the Chinese, both suggest that Moscow is seeking allies, or at least benevolent neutrals, against China.

II. THE MILITARY DIMENSION

11. Until late 1965, Soviet theater forces near the Chinese border were very thin, though some steps were taken to improve their capability to handle border skirmishes. The Chinese also saw to their own border security requirements during the pre-1965 period. However, a persistent and impressive Soviet military buildup began in late 1965. At that time there were many possible reasons for the buildup: the Chinese challenge to Soviet hegemony, China's successful nuclear tests, and China's growing role in Asia. At any rate, it appears that the present Soviet force structure in the East reflects decisions taken in 1965, although Moscow may recently have raised its original military force goals.

12. As of June 1969, the Soviets had some 30 ground force divisions along the Sino-Soviet border and in Mongolia, double the figure of late 1965. About half the divisions were at combat strength, and others were gradually being raised to that status. These divisions were backed up by an unusually large complement of conventional artillery and of tactical surface-to-surface missiles. The increase in Soviet tactical air strength has kept pace with the ground force increase.

13. There has been no corresponding buildup on the Chinese side. The Chinese have only about nine ground force divisions in the border areas of Shikang, Inner Mongolia, and the Heilungkiang-Kirin regions of Manchuria. And although the Chinese have more than 50 divisions behind them in the Shenyang-Peking-Lanchow Military Regions, these are no match for Soviet divisions in firepower and mobility.

14. The disparity between the Soviets and Chinese in other types of forces is even more pronounced. Chinese air defenses have been improved in recent years, but remain thin, whereas Soviet air defenses are heavy and have been strengthened since 1965. The Soviets have continually maintained about 225 medium and heavy bombers in the area, and could quickly add to this force from other parts of the USSR; the Chinese medium bomber force of a dozen or so is largely obsolete. There are a considerable number of strategic missiles in Soviet Central Asia and the Far East which could be targeted against China. Finally, the Soviet Pacific Fleet is more than a match for the entire Chinese Navy.

15. In a military confrontation, the factor of space affects each country, though in different ways. The great length of the border makes linear defense along its whole extent virtually impossible. The USSR's vital Transiberian Railroad runs close to the Manchurian border; thus defense in depth is not feasible for the Soviets in that sector. Hence, Soviet strategy requires a concentration of theater forces for rapid attack or counter-attack along traditional invasion routes into China. What we know of Soviet troop dispositions seems to bear out this analysis. In contrast, the Chinese military planner might feel that he could yield

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part of Shikang and northern Manchuria to an attacking force. Not only does such a strategy accord with Mao's concepts of "protracted warfare," but the alternative—positioning large Chinese theater forces in those salients prior to hostilities—would offer Soviet commanders the opportunity to encircle and trap these units.

18. The Soviets also face problems of time. Ideally, a war with China should achieve its aims quickly, to avoid the dangers of protracted conventional warfare against the inexhaustible reservoir of Chinese manpower. The Soviets could simplify this military problem by using nuclear weapons, but this would enormously complicate their political problems. Moreover, from a Soviet planner's standpoint, a conflict with the Chinese, if it is to occur at all, should be initiated fairly soon, before the Chinese deploy an MRBM force.

III. PROSPECTS

17. It is almost certain that there will be no significant easing of tensions during the next two or three years. Conflicting national interests, competition for leadership of the Communist movement, and genuine fear of each other's intentions will prevent a rapprochement. Even the border problems are not likely to be resolved. While both sides may be willing to reach some temporary accommodation, neither is likely to compromise any fundamental positions.

18. The propaganda line in both the USSR and in China is very sharp. Each country now considers the other its most immediate enemy; each country accuses the other of plotting with the imperialists to encircle and destroy it. In this kind of atmosphere any act by the other side is viewed with suspicion; any military preparations appear menacing. For the first time, it is reasonable to ask whether a Sino-Soviet war could break out during the next two or three years.

19. The fact that such a question can be seriously posed is a measure of the gravity of the Sino-Soviet conflict. The potential for a war exists; to the Soviets, at least, early military action might seem to have many advantages. But a decision to attack is a political act and we have no firm evidence about the intentions of Chinese and Soviet leaders.

20. We believe that an unprovoked, major attack by China into Soviet territory is highly unlikely. This judgment is based primarily on the fact of China's disadvantage in military power, and its basic unpreparedness for large-scale war beyond its northern borders. Moreover, since the Korean War, China has avoided major military confrontation with the two great powers. It is also hard to see what advantages China could gain from an attack. Propaganda about the Soviet threat may of course be designed to foster the national unity required to rebuild the power structure shattered by the Cultural Revolution, but an actual war could impair any gains achieved. At present the Chinese probably have two objectives: to deter a Soviet attack which they believe has grown more likely with the Soviet military buildup, and to promote national preparedness to meet the threat. Peking apparently has chosen to signal its determination by a strategy of small-scale confrontations in border areas where the Chinese legal claim is good.

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21. By contrast, we see reasons why the Soviets might now, or in the near future, consider major offensive actions against the Chinese. Soviet planners, looking beyond minor border clashes, must feel that the real danger is yet to come. During the tenure of Mao, or that of his immediate successor, the Chinese will probably deploy a nuclear missile force, and a more substantial medium bomber force than they now possess. The Soviet leaders might feel that even a small number of Chinese missiles would alter the strategic situation, and that as the force grew, the Chinese would be under fewer inhibitions in using their ground forces. The Soviets might hope to prevent this development by using their air superiority to knock out Chinese nuclear and missile installations, while blocking Chinese retaliatory attacks on the ground with their own theater forces. The optimum period for exercising this option is beginning to slip away.

22. The Soviet leaders might see other important benefits in military action. A major defeat of Chinese forces would demonstrate the might of the Soviet armed forces throughout the world, and help the prestige of the Soviet leadership at home. The Soviets might even hope for the downfall of the Mao-Liu regime, or if it survived, the detachment of Sinkiang, Inner Mongolia, and Manchuria from China. They might thus be able to establish a buffer zone like that in Eastern Europe. In fact, protection of national minorities in the Sinkiang and Inner Mongolian regions against Chinese oppression might be the excuse for opening a war.

23. A body of recent evidence concerning Soviet military activity suggests that Moscow may be preparing to take action against China in the near future. Lately, there has been unusual military activity on the Soviet side of the Chinese border, including an unusually large exercise in which China was apparently the simulated enemy. Some air units were temporarily deployed from parts of the Western USSR normally considered the base for reinforcement against NATO. Also, the Transiberian Railroad has been carrying a volume of military traffic apparently large enough to interfere with normal civilian traffic. This military activity seems disproportionate to any visible Chinese offensive threat. Meanwhile the Chinese, whose military force deployment had remained virtually static during the earlier Soviet buildup, have recently made minor adjustments in their air defenses which suggest that they may be taking a more serious view of the situation.

24. There are also political indicators that suggest that the Soviets may be preparing for a showdown with China. The Kremlin is clearly trying to ease friction with the West; one purpose is almost certainly to expand its freedom of action in the East. Soviet propaganda repeats the theme that Mao is a "warlord," a "chauvinist," a "militarist," that he thinks that war is the only solution to his problems, that like all warmongers, he falsely accuses the Kremlin of planning an attack on him in order to excuse his own evil plans. Finally, recent articles and broadcasts deplore the oppression of Uigurs, Kazakhs, and Mongolians in China, and suggest that rebellion by these peoples would be justified.

25. On the other hand, the Soviets must recognize the formidable risks of military action. From a military point of view, this rests mainly on the uncertainty

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of the outcome. Even if the Soviet leaders believe that a conventional air strike would knock out Chinese nuclear and missile installations, they must surely realize that they would be starting a process which they could not be sure of controlling, and whose course would be determined as much by the Chinese as by themselves. They must also ask themselves whether, later if not sooner, it might be necessary to use nuclear weapons against Chinese troops or installations, with all the political costs of such a course, and whether the Chinese, though at a great disadvantage in modern weaponry, might still manage to deliver nuclear weapons on Vladivostok or Khabarovsk.

25. Even if the Soviets succeeded completely in destroying Chinese nuclear and missile capabilities, and were, in addition, able to establish viable buffer states on the frontier, the rest of China would remain unconquered. The Soviets have no assurance that the Mao-Lin regime would fall, or that, in any case, the Chinese would stop fighting. Regardless of the type of regime in unoccupied China, it would be even more bitterly hostile to the USSR than it is at present, and it would be even more determined to gain a nuclear capability.

27. Moreover certain political factors militate against a Soviet attack on China. The nature of collective leadership is such that the men in the Kremlin might find it easier to continue a policy of improving military and political defenses against the Chinese harem than to reach a decision to attack. A Soviet-initiated war would certainly complicate Moscow's relations with Hanoi and might seriously reduce Russian influence there. Both Communist and non-Communist states in Europe might take advantage of Soviet involvement in Asia, particularly if the war were protracted. A war would make reconciliation with China impossible for many years, and it is by no means certain that the Soviets have given up all hope of some improvement in their relations with China after the period of Mao and Lin. Brezhnev's article in the August issue of *Problems of Peace and Socialism* reaffirmed Soviet friendship for the Chinese people and suggested that he expected a long period of tension rather than an early outbreak of hostilities. The same note has been struck in other recent statements.

28. As above noted, we do not look for a deliberate Chinese attack on the USSR. We also believe that Moscow will seek to avoid becoming engaged in a prolonged and full-scale war with China. But the Soviets have set in motion an extensive series of measures—military, political, diplomatic—to ready themselves for continuing or increasing levels of hostility. Their preparations have already reached a stage which would permit them a variety of military options. Of these, the Soviets might find the most attractive to be a conventional air strike designed to destroy China's missile and nuclear installations. The Soviets might calculate that they could accomplish this objective without getting involved in a prolonged and full-scale war. We cannot say that they are likely to reach this conclusion but we believe there is at least some chance they would.

29. In any case, it is clear that tension between the two countries has become acute. At the very least, polemics will remain strident, and the dispute in its present form will probably intensify and grow. Barring a change in Chinese

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policy, armed clashes will occur periodically. The scale of fighting may occasionally be greater than heretofore, and might even involve punitive cross-border raids by Soviet ground and tactical air forces. Under such circumstances, escalation of the conflict will be a continuing possibility.

IV. IMPACT OF THE DISPUTE ELSEWHERE IN THE WORLD ***A. Policies Toward South and East Asia**

30. In those South and East Asian nations which view China as a potential security threat, Moscow appears hopeful of gaining politically from its quarrel with the Chinese. We see the recent Soviet suggestions concerning "a system of collective security in Asia" as an effort to capitalize on an anticipated reduction in the Western presence and, at the same time, to prevent any significant Chinese gains in its wake. In trying to contain the Chinese, the Soviets can play upon Asian fear of China and Asian resentment of Chinese support of local subversive elements. These themes will be particularly persuasive in such mainland states as India, Burma, and Thailand. The Soviets may also try to exploit widespread local animosity toward the large ethnic Chinese minorities in Malaysia and Indonesia.

31. The continuation of the Sino-Soviet dispute—coupled with the Soviet effort to project its influence into South and East Asia—will work to limit Chinese options. Peking has clearly believed that the prolonged struggle in Vietnam would lead ultimately to a substantial weakening of US power and influence in East Asia. The Chinese have foreseen opportunities in the post-Vietnam period for expansion of their own influence, particularly in such nearby states as Burma and Thailand; they may also have hoped for a far more influential role in Hanoi and, by extension, in Laos and Cambodia, once Soviet war material was no longer necessary to the North Vietnamese. But with large Soviet forces poised on a tense border, Peking will almost certainly find it more difficult to intimidate its southern neighbors by flexing its military muscles or rattling its nuclear weapons. The Chinese will face intensified Soviet competition in dealing with established Asian governments and in organizing leftist groups.

32. The continuing Sino-Soviet conflict will be reflected in an important way in relations with Japan. The Soviets see Japan as the emerging power center in Asia, with a serious military potential as well as an ability to provide the Chinese, via trade and aid, with the sinews of a modern industrial state. Moscow wants to forestall both developments, but its leverage in Tokyo is not very great. It can get some small advantage from Japanese hopes for the eventual return of Hokkaido and Shikotan and can exploit Japanese interest in investment opportunities in Siberian resources. Moscow has some influence in Japan's main opposition party, the Socialists, and even among the independent-minded Japanese Communists, though Peking also possesses allies among the leftist opposition.

* This discussion is predicated on the assumption that the dispute between the USSR and China remains at about its present level, i.e., short of major war.

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33. The major Chinese assets in this contest for influence in Tokyo are the common cultural traditions and the longstanding Japanese distrust of Russia. In addition, Japan probably views Chinese markets as more profitable over the longer term than costly and risky joint enterprises with the Soviets in Siberia. (In any case, the Japanese are in a position to bargain for and secure both.) Japan obviously relishes its current bargaining position among the powers—the US, as well as China and the USSR—and would almost certainly not want to antagonize any of them in order to gain some transitory advantage with the USSR or China.

B. The US and the West

34. Elsewhere, the Soviets have taken the position that, because of the China problem, the USSR should generally seek to avoid provoking unnecessary difficulties—e.g., over Berlin—with the US in particular and the West in general. Since one of their greatest fears is that the US or the Federal Republic of Germany might be willing to put pressure on the USSR in collusion with China, they will try to preserve an atmosphere of detente, and to be accommodating on minor issues. Problems with China may have encouraged the Soviets to look upon arms control measures with growing interest, seeing in them a means to reduce tensions with the US and to bring additional pressures against Peking. We are not suggesting that the Soviets presently contemplate any sacrifice of essential positions—e.g., the division of Germany and the legitimacy of a Soviet sphere in Eastern Europe. Even less likely is a major revision of China's anti-US stance.

C. Other Communist Parties

35. The fragmentation of the international Communist movement which began with Yugoslavia in 1948, has been accelerated by the intensification of the Sino-Soviet quarrel. The main document of this year's International Communist Conference registers the decline of Soviet influence over other Parties by acknowledging that the Communist movement has no single center, no leading Party. Peking will continue to have some success in creating anti-Moscow factions in Communist Parties and various front organizations. Beyond that, the Chinese will be able to attract the interest, if not always the support, of young revolutionaries repelled by the USSR's status as a "have" society. Yet the Maoist model has lost much of its previous lustre, because of the self-induced domestic convulsions of the last few years, which seemed so incomprehensible and pointless to others throughout the world, both Communist and non-Communist. We do not foresee any significant narrowing of the existing fissures in the world Communist movement.

36. Indeed, we rather expect to see more Communist Parties adopt positions which support neither Moscow nor Peking. This separateness may parallel the neutrality practiced in various ways by the Romanians and the North Vietnamese. The North Koreans and many Parties in the Third World may share Castro's suspicion, expressed some time ago, that neither Moscow nor Peking is

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sufficiently committed to the struggle against "imperialism." Still other Parties are likely to move toward what both Peking and most of the present CPSU leaders regard as revisionism. These Parties are likely to deprecate the use of violence by Communists as a means of obtaining power—this is the position taken by the Italian and Finnish Parties and the one toward which the Japanese Party seems to be headed. Other Parties will advocate lessening the role of ruling Communist Parties—this has been the policy identified with Dubcek and Tito. Temporary alliances may often cut across ideological boundaries completely, as seems to be indicated by Peking's recent flirtation with Belgrade. And many Communist Parties, regardless of their political complexion, may find it less difficult to co-exist with non-Communist groups than with each other.

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TERRITORIAL CLAIMS

1. Nearly all of the 4,150-mile Sino-Soviet border¹ derives from 19th century treaties by which an expanding Czarist Empire acquired some 500,000 square miles of territory that had been under the nominal control or domination of Manchu China. In both the western and the eastern sectors, the border traversed territory essentially unpopulated or inhabited mainly by nomadic groups—neither Russian nor Chinese. Chinese propaganda notwithstanding, both Peking and Moscow have long agreed that these treaties should serve as the basis for determining the alignment of the border and for settling other border issues.

Western Sector (See Map)

2. Most of the 1,850-mile western sector was defined by the 1860 Treaty of Peking and was demarcated in accordance with the 1894 Turbatusay (Ta-ch'eng) Treaty.² Boundary modifications and territorial exchanges were made by the 1881 Treaty of II (or St. Petersburg). Peking refers to the loss of about 170,000 square miles through these treaties, a claim apparently based on the westernmost extension of mobile pickets sent to regulate use of pastures by nomadic Kazakhs in Central Asia (see map). Chinese control in Central Asia fluctuated greatly throughout history, however, and the westward limits of its authority were vague and usually remote from settled areas of Chinese population. When the boundary was actually demarcated in 1894, Russian officials interpreted the 1860 treaty to refer to permanent Chinese outposts located considerably east of the maximum Chinese claim. The 1881 treaty transferred about 27,000 additional square miles from the Lake Zaysan, II, and other areas to Russia.

3. In 1895, the southernmost sector of the border in the high Pamirs was determined, without direct Chinese participation, by an Anglo-Russian treaty designed primarily to define the boundary between British India and Russia. Although Chinese maps depict the de facto boundary in this sector, it is labeled "Indefinite"—the only sector of the entire border so designated. The Chinese claim of some 8,000 square miles in the Pamirs apparently is based mainly on Manchu military operations conducted in this region during the 18th century.

4. Border incidents and tensions in the western sector have arisen frequently because of the relatively large population straddling the frontier—mainly Turkic-speaking Muslim groups such as the Kazakhs, Kirgiz, and Uighurs. Moreover, movement by these largely nomadic and semi-nomadic peoples across the frontiers

¹The 2,300-mile Sino-Mongolian border is not included in this discussion.

²"Demarcation" refers to the actual physical marking of a boundary on the ground, usually by markers or pillars; or, in the case of a water boundary, by a set line on a map.

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has been customary. Along the northern half of the border, several natural corridors facilitate such movement.

5. The most publicized border-crossing incident of recent years occurred in April and May of 1968, when some 60,000 Kazakhs and Uighurs fled from the Ili and T'a-ch'eng areas of northwestern Sinkiang into Kazakhstan, apparently in hope of finding better economic conditions in the USSR. Peking still complains of alleged Soviet coercion of these migrants and of Moscow's persistent refusal to return them to Chinese control. Chinese concern is heightened because these frontier tracts are easily accessible from Kazakhstan and because the USSR has in the past fostered dissident sentiments among their non-Chinese inhabitants.⁶

Eastern Sector (See Map)

6. The 2,300-mile eastern sector of the Sino-Soviet border is formed primarily by the Amur and Ussuri Rivers and, except for a small segment at the extreme western end, was established by the Treaties of Aigun (1858) and Peking (1860). China claims that these treaties resulted in the loss of some 385,000 square miles, a figure derived from the amount of territory that had been acquired by China in the Treaty of Nanchang (Nipchu) in 1689, which defined a boundary that incorporated almost all of the Amur Basin within China. During the intervening 170 years of Chinese ownership, however, the vast forest lands of the Amur-Ussuri territories had remained unsettled by Chinese and were almost exclusively the domain of scattered Tungusic tribes.

7. *The Problem of the Amur-Ussuri Islands.* The 19th century treaties made no specific allocation of the numerous islands in the Amur and Ussuri. In the case of the March 1969 incidents, the Chinese base their claim to ownership of Chen-pao/Damanskiy on the fact that the main navigable channel lies to the east (Soviet) side of that island. Recent Soviet public statements imply, []

[] that the Chinese version of [] location of the main channel is correct. []

While acknowledging the principle of international law that the main channel determines riverine boundaries, the 13 June Soviet statement cites exceptions where a riverbank border is in effect and claims that the 1860 Treaty of Peking is "another such example." The Soviet version of the boundary, however, is based not on the wording of the treaty, but on an accompanying map. The Chinese claim that the map—which the Soviets have not chosen to produce—is at a scale smaller than 1:1,000,000⁷ and cannot accurately show either the riverine boundary or island ownership.

8. The USSR's evident determination to disregard the main-channel argument reflects an unwillingness to see this principle applied to other and more strategic islands, specifically Hsi-hsi-tsu Island at the Amur-Ussuri confluence near Khabarovsk. Russian sources describe the boundary here—and their maps show it—

⁶ This area was the base for an anti-Chinese separatist regime, the "East Turkestan People's Republic," established in 1946 with the help of Soviet-trained personnel (see map).

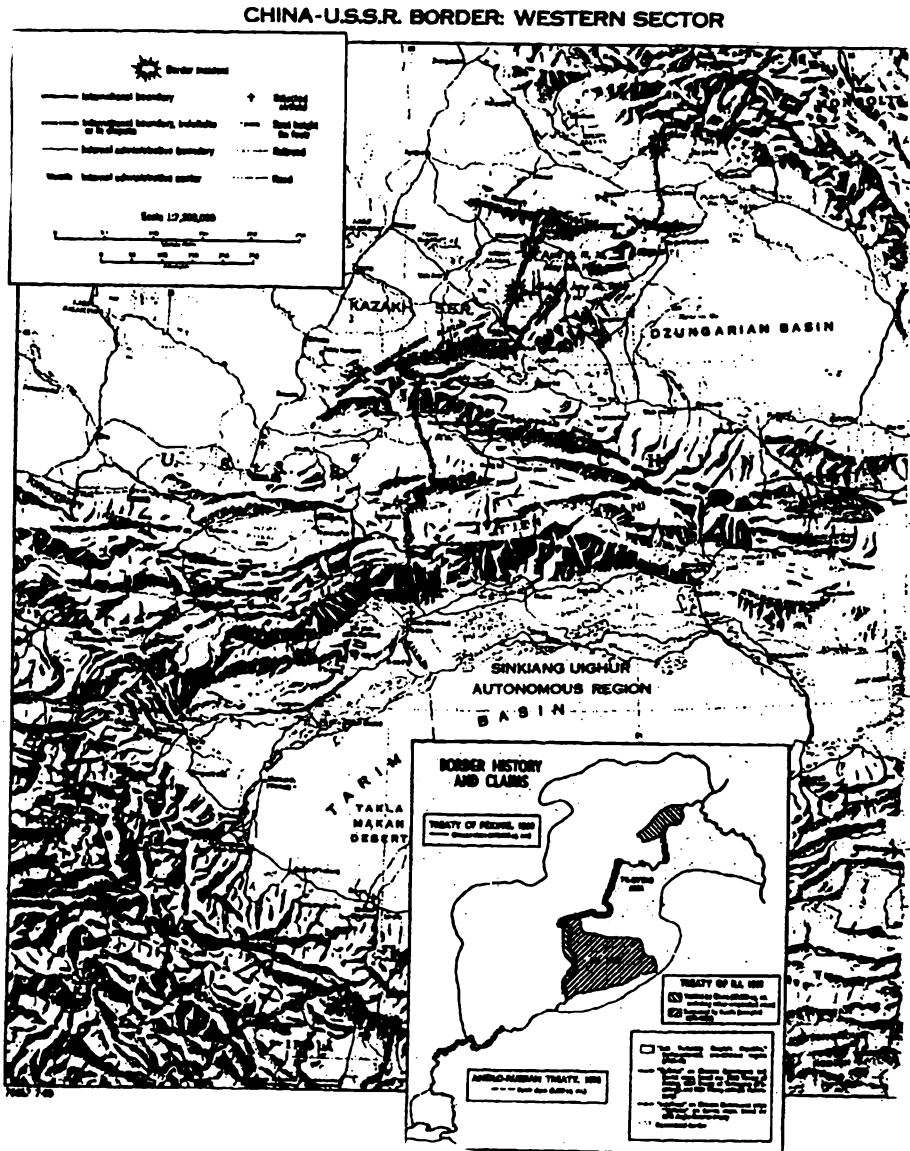
⁷ That is, one inch on the map equals approximately 15 miles on the ground.

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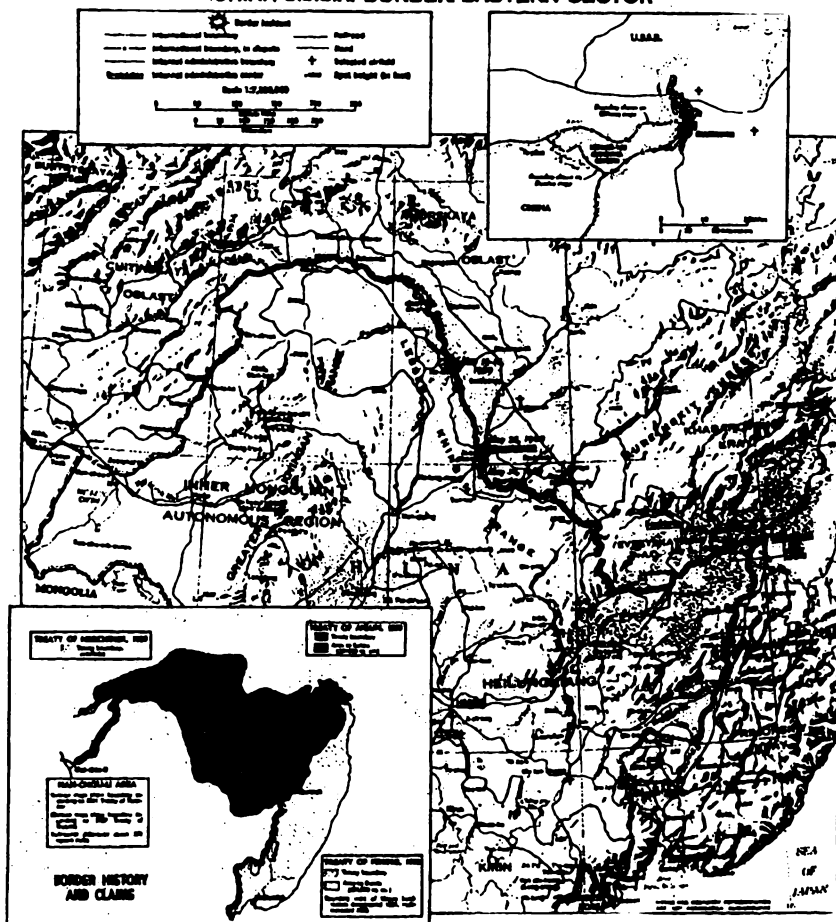
as following the Kazhovichova Channel at the extreme western end of the island. Chinese maps locate the boundary at the Amur-Ussuri confluence, directly opposite Khabarovsk. Het-hata-tan is a low and marshy island about 25 miles long. It was occupied by the USSR in the early 1930's following the Japanese occupation of Manchuria, and permanent habitations and installations were constructed on the island. Although the USSR is in de facto occupation, the Chinese case for ownership appears to agree with the intent of the 1858 treaty as well as with the main-channel principle.

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CHINA-U.S.S.R. BORDER: EASTERN SECTOR



SECTION 33

SNIE 13-9-70

Chinese Reactions to Possible
Developments in Indochina

28 May 1970

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SPECIAL NATIONAL INTELLIGENCE ESTIMATE

Number 13-9-70

Chinese Reactions to Possible Developments in Indochina

Submitted by

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DEPUTY DIRECTOR OF CENTRAL INTELLIGENCE

Concurred in by the

UNITED STATES INTELLIGENCE BOARD

As indicated overleaf
28 May 1970

Authenticated:

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EXECUTIVE SECRETARY, USIB

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CENTRAL INTELLIGENCE AGENCY

28 May 1970

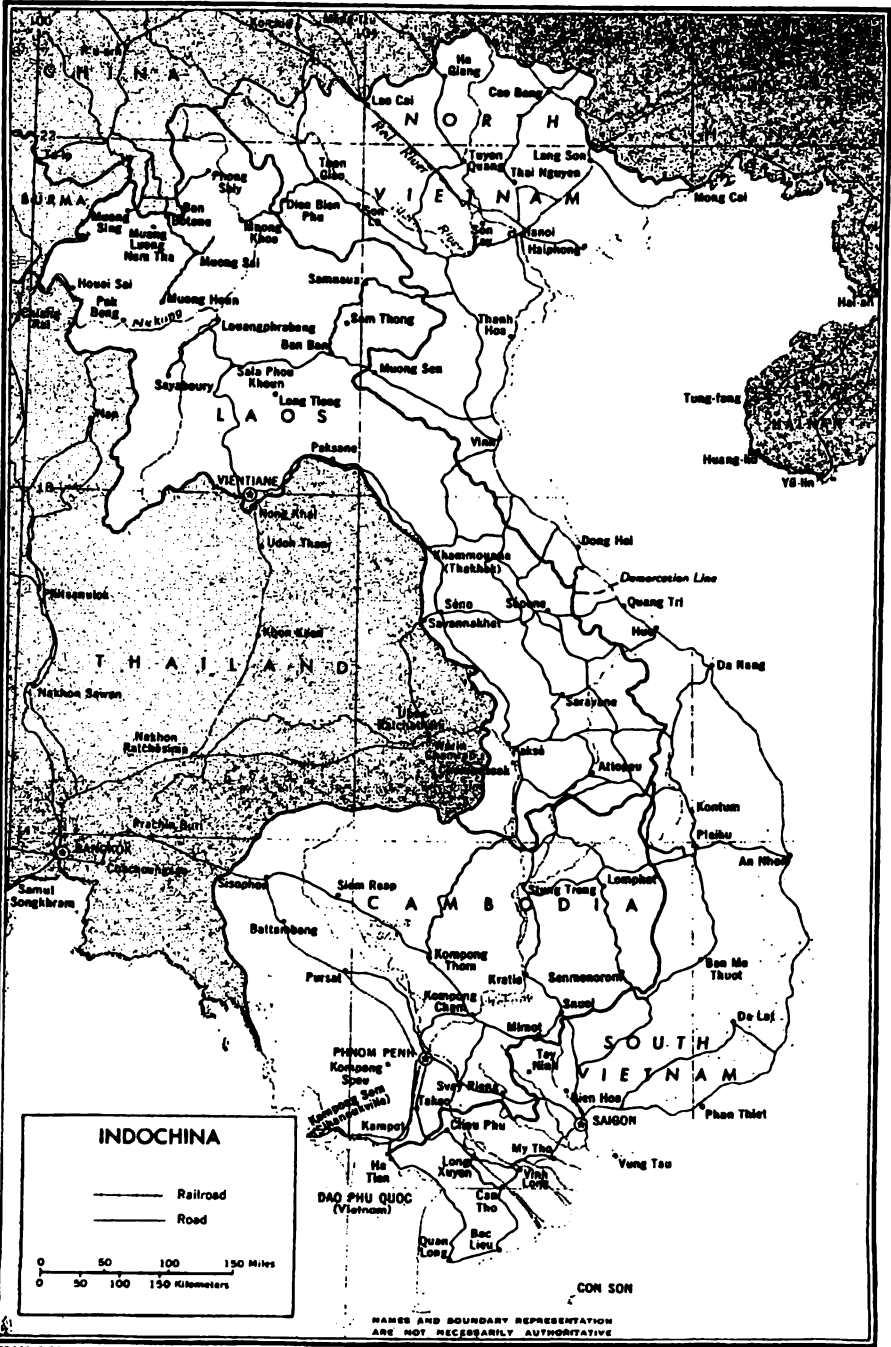
SUBJECT: SNIE 13-9-70: CHINESE REACTIONS TO POSSIBLE DEVELOPMENTS
IN INDOCHINA

NOTE

Cambodia's involvement has given a new shape to the struggle in Indochina. This paper considers how China and North Vietnam might view future hypothetical developments, particularly in the military field, which might compel them to consider a significant change in their strategy, and estimates what their reactions might be if such developments do take place. insofar as these involve military or other moves by the US and its allies, they are to be regarded as actions which the Communists might possibly anticipate, not as courses of action being entertained by the Allied side.

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THE ESTIMATE

I. PEKING'S VIEW OF THE STRUGGLE IN INDOCHINA

1. Peking has viewed events in Southeast Asia during the course of the war in Vietnam mainly in the light of its aspirations for political dominance in the area. Its perspective is long term, involves no fixed time schedule, and is an aspect of its pretensions to lead a world-wide revolutionary movement. More immediately, Peking sees the war in Indochina as a continuation of a lengthy liberation struggle; first against the French, and now against the US. Peking's advice to the Communists in Indochina has been repetitious and consistent. They are to persist in self-reliant and protracted struggle until they can destroy the enemy or his will to fight. That this may involve occasional defeats and considerable losses is a foregone conclusion. Only by a prolonged and costly struggle can they hope to achieve eventual victory, and they must carry on this struggle themselves, without reliance on outside forces.

2. On one hand, the Chinese view the fighting as a test of Mao's theory of "people's war." They believe a victory would enhance China's political prestige in Asia and would support their claims for ideological pre-eminence over the Soviet Union. On the other hand,

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Peking has had to consider the possibility that an adverse turn in the war might lead to a security threat on China's southern border and therefore a possible direct confrontation with the US. In practice, this has meant militant advocacy of "people's war" for others, but careful maneuvering to ensure that China stays safely out of the line of fire.

3. In defining its role in this struggle, Peking has been both cautious and prudent. Thus far the policy has been to rule out any direct use of Chinese troops in the ground fighting and to reduce the risks of even an accidental confrontation with the US. There is evidence that the Peking leadership reaffirmed these basic ground rules after a long and bitter debate during 1965. This conflict, which pitted Minister of Defense Lin Piao against his Chief of Staff, was concerned with the assessment of, and possible responses to, the large-scale US intervention in Vietnam then under way. Lin Piao ended the debate with an authoritative endorsement of Mao's theories on "people's war," emphasizing defense in depth rather than moving across China's borders to meet the threat.

4. This decision not to intervene overtly in the Vietnam War was consistent with Peking's policy, at least since the Korean War, of not risking major hostilities with either the US or the USSR. There is as

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yet no indication that the acquisition of nuclear weapons has changed this basic stance. Indeed, it may have had a sobering effect. When hostilities along the Sino-Soviet border in 1969 threatened to escalate into a nuclear conflict, the Chinese moved to calm the situation. We judge that China's troubled internal situation and its unresolved problems with the USSR incline its leaders to continue making the same cautious calculations of risk that have marked their conduct of recent years. This means that China's aims in Southeast Asia should be pursued by subversion, revolutionary activity, and diplomacy rather than by the open use of its own military forces.

5. Recent Developments. Recent events in Indochina are not likely to change this basic approach. As long as the US/GVN move into Cambodia does not critically affect Hanoi's ability to continue the war, Peking is likely to minimize the threat posed by the current Allied actions. Moreover, Peking probably sees immediate benefits from the political reaction aroused in the US against the Cambodian involvement. And if the US should not withdraw from Cambodia, Peking would assess the situation as one in which the US was getting more and more bogged down in an expanding war that would guarantee growing opposition both at home and abroad. In this sense, at least, it would make little difference to Peking whether the US kept to its schedule and withdrew or whether it continued its involvement in Cambodia.

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6. In Peking's view, the US is fighting a losing war in which Hanoi has only to be patient and persevere in order to outlast the US. In order to preserve that patience, China will continue to supply North Vietnam with economic and military aid. More important, Peking is probably now better prepared to furnish steady and dependable political support than it was during the Cultural Revolution. Relations with Hanoi have improved considerably since last fall, and recent events in Cambodia have brought Peking and Hanoi closer together. The remarkable turnout in Peking for Le Duan's recent visit, in which both Mao and Lin made one of their increasingly rare appearances, is evidence of Chinese concern to strengthen ties with Hanoi at Moscow's expense. Peking's careful campaign to exploit Sihanouk, recently emphasized in a major pronouncement by Mao himself, is also intended to diminish Soviet influence in Indochina.

7. In short, Peking has moved promptly to exploit the Cambodian developments for its own ends. The Chinese leadership has seized the opportunities presented to reduce Soviet influence on Hanoi and to increase its own capability to influence Hanoi without, for the present at least, exposing itself to greater risks or markedly higher costs.

8. At the same time, Peking may have some concern that an intensified and enlarged scale of hostilities could weaken Hanoi's

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will and capacity to continue. Against this possibility Peking is probably prepared to render increased aid to Hanoi, increase the level of threat in its propaganda, perhaps stimulate insurgency and tensions elsewhere in Asia, or attempt to unsettle the US by moving troops about in southern China. Judging by its past actions, however, Peking is likely to calculate carefully the risks of these moves and to prefer gestures and actions that will worry but not provoke the US.

9. The Soviet Factor. Peking's reactions in Indochina are conditioned by the terms of its bitter rivalry with the USSR. At critical points during the course of the war, the Chinese have sought to project an image of militant devotion to "people's war," partly at least to outflank politically the Soviets; the latter are constrained in Southeast Asia by geography and by some concern to avoid complicating relations with the US or offending potentially friendly non-Communist Asian regimes. Peking calculates in these situations that Moscow's position is certain to be relatively "soft," providing ample room for Chinese posturing without a requirement for risky commitments. Nonetheless, this stance carries the risk that the Soviets might be able to expose the gap between Chinese rhetoric and performance.

10. Moreover, so long as large and hostile Soviet forces threaten China's northern and western borders, there is added reason for avoiding

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direct military involvements in Southeast Asia. In sum, the Soviet factor reinforces other considerations which make Peking want to avoid precipitate and risky action even though it continues to discourage compromise settlement of the war.

II. PEKING'S REACTIONS TO POSSIBLE FUTURE DEVELOPMENTS

11. The paragraphs above outline what has been China's fundamental position on the situation in Indochina. At this juncture, the Chinese may be preoccupied as well with future developments, particularly in the military field, which might compel them to consider a more direct involvement. In this section, we estimate Chinese reactions to each of several such possibilities. Peking's reactions to the possible cumulative effect of these various actions are discussed in paragraphs 23 through 26.

Continued Allied Military Activity in Cambodia

12. Peking probably anticipates a continuing and substantial Allied effort to exploit the political turnabout in Phnom Penh -- to include sustained operations by ARVN in strategic border areas and occasional deeper forays, all with US air and logistical support, and a naval blockade in the Gulf of Siam. Peking may also expect to see

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continued employment of US advisory personnel with ARVN units in Cambodia and would not be greatly surprised at reintroduction of US combat units subsequent to 30 June 1970. Such developments, in our view, would not lead Peking to undertake any radically new commitment to the struggle in Indochina. Cambodia is relatively remote from the Chinese border. Moreover, despite concern over the immediate impact of the Allied operations, Peking would probably not conclude that longer term prospects for the success of the liberation struggle in Indochina were critically affected.

Allied Support of the Lon Nol Government

13. Though apparently willing to bargain on Hanoi's behalf with Lon Nol only a month ago, the Chinese are now committed to the destruction of his regime. In their logic, there is little doubt that the US will provide support to Lon Nol. China almost certainly expects continued and increased shipments of US (and other) arms to Phnom Penh and, perhaps, the dispatch of US advisory personnel on the Laos pattern. Even so, the Chinese almost certainly give little weight to the capabilities -- present or future -- of the Cambodian Army. The Chinese might attempt to counter the US move by establishing some sort of political-military advisory presence with a "liberation government" on Cambodian soil -- on the pattern of its

- 8 -

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mission at Khang Khay in northern Laos. The Chinese will even draw some political comfort from the Soviet diplomatic presence in Phnom Penh as a situation which the Chinese can exploit as evidence of Soviet opposition to the forces working for Sihanouk's return.

Thai Military Commitment to Cambodia

14. The entry of Thai forces into Cambodia would further complicate the Communist military position there, but it would be equally significant, in Peking's view, as a sign of Bangkok's willingness to commit itself more firmly and overtly to an active military role in the Indochina area. The Chinese reaction would be designed as a clearcut warning to Bangkok of the perils of its course: the Thai "liberation movement" would be elevated to a more prominent position in Peking's revolutionary propaganda and insurgent forces in Thailand would be directed to increase their pressures on the Thai Government. But China would almost certainly see no need to bring its own forces to bear.

Renewed Bombing of North Vietnam

15. Additional and sustained US bombing raids on North Vietnam's panhandle area -- on SAM sites and other military targets -- would not surprise Peking which, as before, would stand aside while Hanoi coped

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with the problem of maintaining the southward flow of troops and materiel. If the US resumed bombing of North Vietnam on the pattern of 1965-1968, the Chinese would probably, as before, provide engineer troops and AAA units to supplement North Vietnamese air defenses.

Ground Troops in Southern Laos

16. The Chinese might think it possible that the Allies will try to challenge Hanoi's control of southern Laos by sustained ground operations into that area. While small Allied military units have operated in Laos for years, their impact on the war has been relatively slight and their numbers have been small enough to permit their presence to remain largely unacknowledged -- in deference to the "neutral" status of the Lao Government. Crossing this political threshold would be read in Peking as US willingness to contemplate a far more activist course in Indochina in search of a military decision.

17. Presumably, the Allied forces in southern Laos would be targetted against VC/NVA sanctuaries, logistical bases, and infiltration routes to South Vietnam. The Chinese concern would depend on the degree of success these operations had in stemming the flow of men and supplies from North Vietnam and on the nationality of the forces involved.

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18. The Chinese would probably view Thai entry into southern Laos as part of a longer range US plan to place the defense of the Mekong Valley in Thai hands. Although China (and North Vietnam) would be inclined to doubt that effective Thai troops in sufficient numbers would be available to have a decisive impact on the situation, the Communists might see the move as portending the eventual commitment of US ground forces to the area. The entry of US ground forces into southern Laos would raise concern in Peking because of the military effect on Hanoi's logistic system and because it would raise the spectre of later US ground operations in northern Laos. Nonetheless, so long as the deployment of US forces were confined to southern Laos, the Chinese would probably feel no need to introduce their own forces in the area. They would probably move ground forces to the Laos border, however, and might reinforce their units presently in northwestern Laos in order to signal their concern over the safety of their borders.

Ground Troops in Northern Laos

19. Northwestern Laos borders China, and Peking would be most sensitive to military activities in that region. Moreover, to help supply PL/NVA troops in the region, China is building roads from its own territory, and some 10,000-14,000 troops in engineering, AAA, and

- 11 -

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security units are in northwestern Laos in connection with this activity.^{1/} Up to now, other Chinese security requirements in northwestern Laos have been met by PL/NVA control of the region.

20. Any direct effort --- by US, Thai, or Lao bombing or by Thai/Lao ground harassment -- to force the withdrawal of Chinese troops from northwestern Laos would be resisted. The Chinese already have AAA in place to defend against air attacks and, with PL/NVA forces, sufficient ground strength to meet small-unit probes. If necessary, they might also reinforce their own troops in the region on a limited scale or encourage PL/NVA troops to undertake diversionary moves for political and psychological effect -- e.g., feints against Luang Prabang.

21. This is not to say that the Chinese would push ahead on their road construction under any and all circumstances. The road itself -- at least the segment south of Muong Sai -- is not critical to the Communist position in the region. Thus, if PL/NVA forces proved unable to remove any Thai/Lao blocking force south of the present terminal at Muong Houn, the Chinese might choose to stop construction rather than commit their own combat forces to action in

^{1/} See map of North Laos.

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the area. The presence of Thai forces well south of Muong Houn -- in the area of Pak Beng or south of the Mekong (in Sayaboury Province) -- would probably not result in offensive military action by the Chinese.

22. Northeastern Laos and the area of the Plain of Jars is not as sensitive as northwestern Laos from the Chinese point of view. But the dispatch of sizable Thai ground forces into this region would be viewed very seriously by Peking. If this should happen, the Chinese would probably move quickly to bolster their forces in border regions adjacent to northwestern Laos, but the initial burden of meeting the buildup would probably remain on Hanoi. If such a Thai force was, in Hanoi's view, formidable enough to threaten its vital interests in the area, the North Vietnamese might feel compelled to request direct assistance from China. In these circumstances, Peking might respond to Hanoi's request.

23. Thus, in a developing situation in Indochina, Peking's first concern would be the possibility that an adverse turn in the war might lead to a security threat on China's southern border or a direct confrontation with the US. This makes military moves in Laos

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particularly sensitive. In addition to primary concern over the direct threat to its borders in northwestern Laos, the Chinese would be apprehensive over any actions in northeastern Laos which posed a threat to the security of North Vietnam. In contrast to its direct security interest in northern Laos, actions in southern Laos and Cambodia are of concern to the Chinese primarily in terms of the way in which they affect Hanoi's capacity to prosecute the war. For Peking, Laos plays a more significant role in this respect than does Cambodia.

24. In general, as in the past, we see two circumstances in which actions such as those discussed above might provoke Chinese reactions beyond the limits of what they have done in Indochina since 1965. The first would be a situation in which military forces approached areas in northern Laos in such a way that Hanoi found it a threat to the security of North Vietnam, or Peking a threat to its own borders. The second would be a situation in which Allied actions, singly or in combination, seriously threatened Hanoi's will and ability to continue the struggle in South Vietnam.

25. In the first case, Peking would probably introduce ground combat troops to northwestern Laos to prevent the establishment of a

- 14 -

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strong military presence on its borders. Peking might undertake deployments elsewhere in northern Laos if persuaded that North Vietnam's own security was threatened. Such a case might arise if large non-Lao forces overran the Plain of Jars and moved eastward.

26. In the second case, where Peking sensed that Hanoi's will and ability to persist in the struggle in South Vietnam were failing, the Chinese would attempt to encourage Hanoi to persevere and would offer generous material assistance. They would loudly threaten the Thai, the Cambodians, the South Vietnamese, and the US -- and attempt to step up guerrilla warfare in Thailand. But if Hanoi, nonetheless, concluded that it had no choice but to postpone the armed struggle, the Chinese would probably feel compelled to accept the decision. We do not believe that China would wish to alienate Hanoi by further demands that it actively continue the war, nor would Peking choose to commit its own forces to the Indochina struggle so long as territories critical to its own security or that of North Vietnam were not threatened.

- 15 -

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SECTION 34

NIE 13-7-70

Communist China's
International Posture

12 November 1970

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International Posture

Submitted by


DIRECTOR OF CENTRAL INTELLIGENCE

Concurred in by the
UNITED STATES INTELLIGENCE BOARD

As indicated overleaf
12 November 1970

Authenticated:


EXECUTIVE SECRETARY, USIB

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Nº 344

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COMMUNIST CHINA'S INTERNATIONAL POSTURE

NOTE

China's return to active diplomacy raises new questions about the direction of its foreign policy. After four years in which the internal preoccupations of the Cultural Revolution thoroughly overshadowed foreign relations, Peking is now moving to repair its international image and to exploit new opportunities. In attempting to estimate how China will play this new role in international politics over the next year or so, this paper will examine Peking's options in terms of those policy factors which are most likely to remain constant and those which are subject to greater variations in response to domestic or external events.

It must be acknowledged at the outset that we have remarkably little information on the decision-making processes in Peking. Thus, estimates of short-run tactical moves are susceptible to considerable error. As in the past, sudden twists and turns in Chinese policies will probably continue to surprise us. But in the broader perspective of long-range goals and basic capabilities, this paper attempts to set useful guidelines on the course that China is likely to follow in adapting to the outside world.

CONCLUSIONS

A. With the waning of the radical and frenetic phase of the Cultural Revolution, Peking has substantially recouped its earlier diplomatic position and is moving to compete for influence in new areas. Its successes to date—due in large part to the receptivity of other nations to a more normal relationship with the Chinese—have been impressive, especially in areas of secondary importance to Peking. In areas of prime concern, i.e., the Soviet Union, the US, Southeast Asia and Japan, progress has been marginal and Peking's policy less sure.

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B. Many domestic and foreign obstacles stand in the way of achieving Peking's basic goals, whether these be China as a great power and leader of the world revolution or as a more traditional but highly nationalistic country concerned primarily with Asian interests.

C. On the domestic side, stability and steady growth in basic elements of strength—economic, military, political—are far from assured. Even in the best of circumstances, China's marginal economy will serve to limit its maneuverability in foreign affairs. A great deal of work remains to be done to restore effective government administration, and to rebuild a communist party. So long as Mao lives, the possibility of disruptive campaigns exist and his death could usher in a period of leadership uncertainty and intense preoccupation with internal affairs.

D. Externally, China's aspirations remain blocked directly or indirectly by the realities of the international scene including: the vastly superior power and hostility of the USSR, its most immediate threat as well as rival for ideological leadership in the Communist world; the US presence and US commitments around the periphery of China; and the growth in economic strength and self-confidence of another traditional rival, Japan.

E. Even should the Chinese regime wish to alter its basic foreign policy approach and use its growing military force aggressively in peripheral areas, its options would be limited by the risk of provoking one or another of the superpowers. From Peking's point of view, military adventures in Southeast Asia, against Taiwan, in Korea, or in the Soviet Far East would be needlessly risky and the potential prize not worth the game. Peking does, however, have room, even in present circumstances, for some maneuver directly between the two great powers as well as around their flanks or under their guard in Southeast Asia, the Near East, Africa, and even in Eastern Europe.

F. At present, the Chinese see the USSR as their major military threat. By accepting negotiations with the Soviets, cooling border tensions, and improving their diplomatic image, the Chinese apparently judge that they have reduced the risk of hostilities with the Soviets. There is little prospect, however, of a genuine rapprochement emerging from the present Sino-Soviet talks. But both sides are apparently concerned that their dispute not end in a military test. Thus, as long as they both continue to exercise the present degree of military caution,

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there is likely to be some improvement in diplomatic and trade relations but little movement in border talks. As long as Mao lives there is almost no chance of significant compromise on the ideological questions.

G. With the US, Peking has moved from its previous intransigence to a more flexible approach better designed to exploit the Sino-US relationship for Chinese purposes. The Chinese hope to unsettle the Soviets by playing on their fears of a Sino-American rapprochement as well as exploit the potential for changes in the balance of forces in East Asia resulting from the drawdown of the US military presence. In pursuing its new flexibility, however, Peking does not expect an early major improvement in Sino-US relations and any small improvements are likely to be limited to marginal issues.

H. Japan poses special problems to Peking because it too is an Asian power, is outstripping China in economic growth, and is strongly resistant to Maoist subversion or Chinese threats. And the Chinese, who remember Japanese imperialism in China during World War II, wonder what threat the Japanese may become to their security over the long term and fear Tokyo will one day take on the role of protector of Taiwan. The Chinese answer so far has been to continue with a rather rigid and vituperative propaganda attack on Japan's leaders, their policies, and their alleged ambitions in Asia. While this may impress the North Koreans and some people in Southeast Asia, it does little good for China's cause in Japan itself. Nonetheless, and despite the burgeoning growth in Sino-Japanese trade, any basic shift in China's approach to Japan seems unlikely in the present ideological climate in Peking.

I. In Southeast Asia, Peking's earlier fear that the Indochinese war might spill over into China seems to have lessened. Indeed, the Chinese seem to believe that the US is being forced gradually to withdraw its military presence from the region and that this process will eventually improve the prospects for Chinese influence. Rather than use overt military force to exploit possible developments in this area, Peking's more likely course will be to increase its support to subversive and insurgent activity. The Chinese will seek to maintain their role as revolutionary leaders without exposing themselves to undue cost or risk. In addition they will rely on conventional diplomacy when this suits their needs. There is abundant evidence that Peking feels no need to

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set deadlines and has no schedule to fulfill; it is clearly prepared for the long haul.

J. In the longer run, if Mao's successors follow a more steady and pragmatic course, they are likely to have greater success than Mao in expanding China's political influence and acceptance. We cannot be sure, of course, how future leaders will see their situation, and it is possible that they will be prepared to employ China's developing power in a more aggressive manner. We think it more likely, however, that they will continue to focus their foreign policy on diplomacy at the overt level and on subversion at the covert level. The open use of military force will probably be judged needlessly risky.

K. While we do not doubt that China would fight tenaciously if invaded, we see no compelling factors moving Peking toward a policy of expansionism, or even a higher level of risk-taking. For all its verbal hostility and latent aggressiveness, neither the present nor the probable future leadership is likely to see foreign adventures as a solution to China's problems.

DISCUSSION

I. FOREIGN POLICY: SOME PRINCIPLES AND PRIORITIES

A. The Ideological Base

1. In part, Peking still perceives the outside world in traditional ways. The Sino-centric view of the Middle Kingdom has survived the advent of the communists. The past century has left a residue of bitterness and frustration among those Chinese—certainly the vast majority—whose sense of nationalism and patriotism has been outraged by what they see as unfair treatment of China by foreigners. This basic sense of injustice and frustration has facilitated the people's acceptance of enormous sacrifices and has permitted the communists to carry out revolutionary programs aimed at reaching grandiose—often unrealistic—goals. While popular expectations have been repeatedly disappointed, the basic dynamism of Chinese nationalism remains to be exploited again and again. Unlike the ideology of Maoism, which may not long survive its creator, the traditional sense of China's privileged role in the world will probably remain a constant theme in this and any foreseeable Chinese government.

2. Maoist ideology, which emphasizes the inevitability of class conflict and world revolution, adds an ingredient of violence and militance to traditional Chinese drives. It attempts to project the revolutionary experience of the Chinese civil war onto the world stage by advocating the defeat of the affluent Western Powers through the mobilization of the poor countries in the world.

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Peking recognizes the limits of the revolutionary line, however, and has accepted and developed a policy of peaceful coexistence for application where this suits its needs. Analogous to the domestic united front policy which served the communists well in the Chinese civil war, the peaceful coexistence line was originally intended to be a temporary accommodation to the norms of international conduct which would be replaced as other countries followed China's revolutionary path. But as the prospects for world revolution have dimmed, peaceful coexistence has assumed a larger role in Chinese foreign policy, even while propaganda stress on the more orthodox policy of revolutionary struggle remains at a high pitch.

3. Ideology continues to play an exceptionally important role in the formulation of Chinese foreign policy. Although decision-makers may hold varying degrees of faith in revolutionary dogma, all are required to justify their proposals in its terms. Such justification has become particularly important as a result of the Cultural Revolution during which the purge and counterpurge of a divided leadership was rationalized by linking internal political deviations with external heresies. Many domestic figures deposed during the Cultural Revolution, for instance, were accused of following policies that were pro-Soviet or "social imperialist". As the excesses of the Cultural Revolution have subsided, even the return to more conventional diplomacy has been clothed in the rhetoric of Maoist ideology.

B. The Military Ingredient

4. Military strength has been a major preoccupation of a leadership long attuned to Mao's dictum that the "barrel of a gun" was the source of all political power. Moreover, the Chinese have been as sensitive to the needs of defense as they have been to the role of violence in advancing world revolution. Political concepts and programs are conceived in strategic and tactical military terms and transmitted to the Chinese masses and the rest of the world in martial rhetoric. The traditionally strong position of the military in Communist China has assumed new importance as a result of its vital role in underpinning the regime during the Cultural Revolution. As a by-product, the military appears to have increased its influence over the formulation and execution of policy.

5. Communist China's military power is impressive by Asian standards but remains markedly inferior to that of the superpowers. The People's Liberation Army (PLA), whose basic strength lies in the size and fighting ability of its ground forces, has the capability to put up a formidable defense of the mainland against any invaders. However, while persistent efforts over the past 30 years to strengthen and modernize the Chinese Armed Forces have yielded some creditable results, economic and political disruptions have left the PLA vulnerable in certain areas against a modern opponent. Some of its more evident problems are an apparent deficiency in motorized transport and heavy armament, an air defense system which probably lacks adequate communications and data processing capabilities, and a navy which remains little more than a coastal defense force.

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6. Since China's intervention in the Korean War, which Peking considered a defensive move, China's military posture has remained basically cautious and prudent. Moreover, after this experience Peking appeared somewhat more restrained in the use of military threats to further its foreign policy objectives. The abortive move against the off-shore islands in 1958 and the defensive reinforcement along the Formosa Strait in 1962 both reflected Peking's concern over another confrontation with the US. Even against the demonstrably weaker power of India, Peking was careful in 1962 not to become embroiled in a lengthy campaign. Peking was probably satisfied to make the point that, in spite of severe internal difficulties, China was still ready and able to defend itself.

7. For all Peking's militance in the ideological field, the deployment of China's military forces remains basically defensive. Maoist military doctrine emphasizes defense in depth and the engagement of the entire civilian population to overcome an attack. The fear of a US attack has eased, in part because of a lessening concern since 1965-1966 that the Southeast Asian war might spill over into China, and is probably lower now than at any other time in the past 20 years. The Chinese now view the Soviet Union as posing the most immediate military threat and over the past year have been conducting an extensive campaign to prepare for the possibility of an eventual war. In accordance with this altered threat, there are indications that the Chinese are adjusting their military deployments, although there has been no wholesale movement of troops to the northern border.

8. Even though the main approach to the defense of China still emphasizes defense in depth—e.g., Mao's "people's war"—there is more to its military posture than a readiness to fight a prolonged, defensive war within China. The Peking leadership has clearly given a high priority to acquiring the military symbols of a great power, especially strategic weapons, but also conventional forces as well. Peking probably wants the strategic weapons primarily as a deterrent against a Soviet or US attack and to increase Chinese bargaining strength on international issues. There is no evidence that the achievement of a strategic capability will necessarily make the Chinese more aggressive. They will continue to be deterred by overwhelmingly superior US and Soviet power both from outright attacks and from engaging in "nuclear blackmail" in East Asia. China wants its views to have impact on the international scene and is willing to expend scarce resources to achieve this goal, but it can be expected to continue to exercise caution in employing its conventional and nuclear strength. Peking expects its political influence in Asia to grow, not from the open use of military power, but through active diplomacy and the encouragement and support of subversive and revolutionary activities, all backed by the looming presence and growing power of immemorial China on the Asian scene.

C. Domestic Constraints Affecting Foreign Initiatives

9. In addition to the ideological and military preconditions cited above, domestic factors determine and often severely restrict the range of foreign policy tactics and instrumentalities open to Peking. These domestic constraints operate

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to limit the economic, psychological, and bureaucratic resources available for the conduct of foreign relations.

10. The Chinese economy during the 1960s did not even approach the high sustained growth rates of the 1950s. A combination of factors were responsible for this failure—the distorted planning and bizarre management of the Great Leap Forward at the end of the 1950s; the cessation of Soviet aid; bad agricultural conditions in the early years of the decade; and finally, the disruptions of the Cultural Revolution. At the same time, the proportion of resources devoted to the military sector increased, adding to China's technological capabilities, but further hobbling development of the civilian economy.

11. This failure to maintain a high rate of growth in the civilian economy limits China's capability to use economic leverage for foreign policy goals. China's image in the early 1950s as the economic model for Asia has been largely destroyed. The fabled potential of the "China market" has lost much of its attraction to world traders, thereby reducing the political concessions Peking can exact in exchange for trading privileges.

12. Policy ineptitude also hinders the Chinese. If Peking's intense preoccupation with internal politics had paid off in terms of rapid economic, social, and political development, the Chinese might now have a sounder domestic base for the conduct of foreign affairs. In fact, the major experiments designed to push China ahead, including both the Great Leap Forward and the Cultural Revolution, have been disasters. Although the economy has largely recovered, party organization remains disrupted, civil administration has been hampered, and lasting tensions have been created within the leadership as a result of the Cultural Revolution.

13. The foreign policy apparatus proved as vulnerable as other bureaucratic organs to the impact of the Cultural Revolution. For nearly three years, the formulation and execution of foreign policy were paralyzed by political infighting. Red Guard activities in embassies abroad and within the foreign ministry itself brought constructive activity to a virtual standstill. All ambassadors but one were recalled to Peking, embassy staffs were substantially reduced, and militant posturing was offered as a substitute for traditional diplomacy.

14. This is not to say, of course, that China's presence was not felt in the outside world during the Cultural Revolution. Trade and aid programs continued, as did support for subversion in Southeast Asia and elsewhere. And China's potential as a great power was evident to the world as the development of nuclear weapons continued despite domestic turmoil. Nonetheless, it was not until 1969 that Chinese ambassadors began to trickle back to their posts, and the current campaign to retrieve China's international status and influence started in earnest. The return to pre-Cultural Revolution diplomacy has been slow and uneven, and the balance between radical and more pragmatic influences remains delicate and potentially unstable.

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II. PROSPECTS AND CONTINGENCIES

A. Peking's Activist Foreign Policy

15. With its foreign affairs apparatus largely restored, Peking is moving quickly to recoup its pre-Cultural Revolution diplomatic position and to compete for influence in new areas. This drive has emphasized peaceful coexistence and has sought influence through conventional, diplomatic means. Its successes to date—due in large part to the receptivity of other nations to a more normal relationship with the Chinese—have been impressive, especially when compared to the almost total isolation at the height of the Cultural Revolution. Most of the gains, however, have come in areas of lesser concern to Peking and under circumstances which have made improvement in relations easy and relatively cheap.

16. In areas of prime interest to the Chinese, Peking's policy has been less sure. Uncertainty and cautious experimentation have been characteristic of relations with the Soviet Union, the US, Southeast Asia, and Japan. In these areas where policy decisions are more difficult, differences within the leadership apparently come to the fore and strain the entire decision-making process. This was especially marked in the fluctuations of Chinese policy toward the USSR during 1969 and the continuing holding operation pursued vis-à-vis the Soviets in 1970. Peking's handling of the recent turmoil in Cambodia—and its effect on Sino-American relations—also betrayed an initial hesitance which underscored the regime's difficulties in formulating policies on major foreign issues.

B. Sino-Soviet Relations

17. Though some of the immediate danger has been removed from the situation, the Sino-Soviet dispute remains the single most important bilateral concern for Peking. At the same time, it conditions and determines many aspects of the Chinese posture in dealing with other Communist states, the Third World, and the West.

18. Although relations between Moscow and Peking had been deteriorating markedly over the last decade, and the Soviet troop deployments along the Sino-Soviet border had been building since the mid-1960s, the Chinese did not appear to take the threat of Soviet military action seriously until after the invasion of Czechoslovakia. Even then, Peking sought to deter the Soviets by adopting a harshly militant posture, combining provocative behavior on the border with strident propaganda and an intensive war preparations campaign. Soviet pressure continued to grow in 1969, however, and after bloody clashes on the Ussuri in March and in Sinkiang during August, Soviet diplomats began to drop broad hints about a possible pre-emptive strike against Chinese nuclear and strategic weapons facilities. The Chinese, aware now that they might be faced with the choice between backing down and risking their nuclear installations, finally agreed in September to the border negotiations which opened in Peking October 20.

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19. The experience of that tense summer moved the Chinese to reassess their foreign policy tactics. Far from deterring the Soviets, their militant posture had not only raised the possibility of broad conflict with the Soviets to an unacceptable level, but also deepened Chinese diplomatic isolation. After what was apparently a prolonged debate early in the fall, the leadership decided that border talks offered the most viable means of defusing the dangerously tense situation. At the same time, the decision was apparently taken to launch a wide-ranging diplomatic campaign to restore China's world status and influence, both as a deterrent to the Soviets and in support of Chinese objectives outside the bilateral Sino-Soviet framework.

20. Since the opening of the border talks, there has been no evidence of progress on any of the basic issues confronting the negotiators. In spite of the stalemate, however, there have been no specific reports of new border clashes, which argues that the mere existence of the talks has had some stabilizing effect. For their part, the Chinese have demonstrated their concern for maintaining the talks at the highest possible level by vigorously resisting any move which might lead to their downgrading. The Soviets seem to have conceded this point, possibly because of their preoccupation with events in Eastern Europe and the Middle East, and a consequent unwillingness for now, to trigger new complications with China.

21. Despite the soothing effect of the talks, the border situation remains potentially explosive. The Soviets have continued their force build up along the border. Although the Chinese have not significantly beefed up force levels near the border, there is some evidence that they have deployed troops north into areas close enough to be readily available in an emergency. They are also trying to improve the effectiveness of their paramilitary forces. Chinese civil defense campaigns to build air raid shelters, disperse population and stockpile food—all of which are useful for domestic political reasons as well—remain in effect.

22. There have been signs of some slow, halting normalization of state relations, although the ideological gulf remains as broad as ever and questions of principle and substance are no closer to solution than before. After protracted haggling an exchange of ambassadors is in the final stages of arrangement, and discussions for the 1970 Sino-Soviet trade protocol have been completed.

23. The prospect of a genuine rapprochement growing out of the Sino-Soviet talks now seems remote. As long as Mao lives there is almost no chance of significant compromise on the ideological questions. Peking, seeing no prospect of a military advantage over the Soviets, appears committed to the long-term process of keeping tensions below the flash point while attempting to pile up political points in the communist world by embarrassing the Soviets at every opportunity. Even with a continuation of the deep national antagonism and the ideological schism, both sides are apparently concerned that the dispute not end in a military test. Over the last year both sides have had cause to estimate the costs of a prolonged military confrontation, presumably a prospect that neither finds particularly advantageous.

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24. The Chinese approach to the US has been strongly affected by their political conflict with the USSR. This was apparent earlier this year when Peking moved from its previous intransigence against the US to a more flexible approach better designed to exploit the Sino-US relationship for Chinese purposes. The primary aim was undoubtedly to unsettle the Soviets by playing on their fears of a Sino-US rapprochement. By demonstrating their concern over this possibility, the Soviets have probably insured that the Chinese will continue to exploit the "triangular relationship" wherever and whenever it suits their needs. Even though events in Cambodia caused the Chinese to take a harder line against the US, they have clearly maintained the option to return to a more flexible posture when it serves their interest.

25. The potential for changes in the balance of forces in East Asia resulting from the drawdown of US military presence is another factor encouraging more flexible Chinese tactics toward the US. The Chinese will hope to speed American troop withdrawals from the area, especially from Taiwan. At the same time, they see possibilities for improving their relations with states now forced to rely less on American guarantees. Peking may also hope that it can exert its influence to exacerbate frictions caused by a reduction in the US posture. The Chinese probably see the US-GRC relationship as particularly vulnerable in this respect.

26. There are no indications that Peking expects to bring about an early, major improvement in Sino-US relations. The Chinese probably expect no far-reaching US concessions on Taiwan, which remains the main test for Peking. Nor are they likely to give up the US as the prime target in their ideological offensives against the capitalist-imperialist enemy. Nonetheless, Peking will wish to maintain sufficient flexibility to exploit the triangular relationship and to move promptly in whatever direction offers the maximum benefits.

27. For these reasons any early improvement in Sino-US relations is likely to be limited. For example, although recent US trade concessions have been studiously ignored by the Chinese in public, they have privately shown some interest in how far the US might move in this direction. While likely to reject any formal trading relationship, the Chinese seem ready to accept more subtle, indirect trading through third parties. Similarly they are likely to show little interest in formal diplomatic recognition so long as the US remains committed to the GRC. At the same time, however, they will probably retain an interest in keeping lines of communication open through contacts such as those at Warsaw. The pace of Chinese gestures will probably be slow and erratic, subject to pressures felt in Peking from changes in Sino-Soviet and Soviet-US relations.

28. For some years to come, Sino-Soviet relations will be Peking's major concern in foreign affairs. Peking has already shown an acute sensitivity to the possibility that the US and the USSR might find considerable common ground in opposing China. In reaction, Peking will attempt to exacerbate the existing

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suspicious between Moscow and Washington; will increasingly portray itself before the world as the innocent victim of "collusion" between the superpowers; and will throw out lines to other Western Powers and the Third World in an effort to elicit new support. The more direct solution would be for Peking to seek a rapprochement with Moscow, but there seems little likelihood that Mao could accept the shifts required to move his regime closer toward the Soviets. Thus, over the next few years, or until Mao's death, Peking will probably concentrate on keeping the Sino-US-USSR relationship as fluid as possible in order to prevent any alliance against China.

D. China's Regional Aims

29. *Southeast Asia.* Peking's early fears that the Indochinese war might spill over into China seems to have lessened in recent years. Even though Peking has expressed apprehension that US frustration in Vietnam might lead to further escalation, the basic judgment of the Chinese seems to be that the US is bogged down in an indecisive effort that is more likely to lead to a withdrawal than to further expansion of the fighting. Their confidence in this judgment must have been shaken temporarily by the US move into Cambodia, but their calculation of the ensuing political costs for the US has probably persuaded them that it is still valid. Thus, what we believe to be their long-range estimate probably remains unchanged; i.e., in a protracted struggle Hanoi's patience will outlast that of the US.

30. As regards the likelihood of the PLA being sent into Southeast Asia for offensive action, the evidence of the past 20 years suggests Peking would be inclined in this direction only if China's security is seen as threatened, as on the Sino-Korean border in 1950, or if China is provoked, as on the Sino-Indian border in 1962. Thus, we continue to believe that China would use its military forces to prop up North Vietnam if it appeared that there was a real danger of that government collapsing. Similarly, China would no doubt react with the PLA to a direct military threat elsewhere along its southern borders.

31. Peking's more likely response—and almost certainly its initial response—to aggravation in this area would be to increase its support to subversive and insurgent activity. The fact that China continues its long-term improvement of its logistic capabilities along this border, including the current road building in northern Laos, illustrates Peking's desire to have support facilities ready for whatever contingencies may develop. The character of the facilities, operational considerations, and recent history all suggest that Chinese plans in this area relate to the defense of south China and the assistance of nearby insurgencies rather than to a massive push by the PLA into Southeast Asia. The objective, as before, would be to bring into existence friendly governments responsive to Peking's political influence; and, in Peking's view, this could be done better by indirection—including diplomatic pressure—than open aggression.

32. *Thailand and Burma* are already targets for a subversive effort. Thailand's close ties with the US guarantee China's continuing hostility. Thus far, Peking

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has had little opportunity to apply diplomatic pressure on Bangkok and has been relying on a long-term campaign to encourage insurgency against the government. There is no suggestion that Peking sees this as an easy task or one that can be accomplished quickly even if given a high priority. On the contrary, Peking is consistent in advocating local self-reliance and has given little material aid to the active insurgents. Should there be a substantial reduction in the US presence in Southeast Asia, the Chinese may combine this low-level activity with more positive diplomatic blandishments.

33. In Burma, Chinese propaganda is encouraging revolutionary activity, supplemented by small amounts of aid in arms and training to dissident ethnic minorities. But diplomatic contacts with this neutralist government have been damaged rather than broken. Peking's return to moderation in other areas of its diplomacy may eventually be extended to include improved relations with Rangoon. Indeed, it now appears that both sides are prepared to resume more normal relations. Even so, Peking is not likely to abandon its support of Burma's insurgents.

34. Elsewhere in Southeast Asia, the Chinese are likely to persist in encouraging local revolutionaries, but in these relatively remote areas, significant material assistance is unlikely to be provided. The Chinese will continue to find it difficult to refuse requests for aid from any source that claims an insurgent or revolutionary capability, but they will continue to urge self-reliance rather than dependence on outside aid. Thus, the Chinese will maintain their role as revolutionary leaders but without exposing themselves to undue cost or risk. There is abundant evidence that Peking feels no need to set deadlines and has no schedule to fulfill; it is clearly prepared for the long haul.

35. *South Asia.* China's interest in India has a relatively low rank on Peking's scale of priorities. China is concerned with Sino-Indian border issues, with persistent rivalries with the Soviets over influence in South Asia, and with demonstrating that India is incapable of playing the role of a leading Asian power. Toward these ends Peking has sought to embarrass and intimidate New Delhi, but without becoming deeply involved in the effort. For instance, Peking has propagandized and provided limited arms and training to Naga and Mizo tribesmen in eastern India without, however, attempting to turn this into a major campaign.

36. On a larger scale, Peking's military aid to Pakistan—the major non-communist recipient of such Chinese aid—was born out of common enmity to India. In the process the Pakistanis have become major clients of the Chinese and Peking will probably seek to preserve and nurture this relationship even if Sino-Indian relations should improve somewhat in the coming years. Tentative feelers between Peking and New Delhi suggest both parties may be ready for a return to conventional diplomacy. While formal ties may be restored, in line with Peking's current effort to bolster its diplomatic image, the relationship will undoubtedly remain cautious and cool for some time to come.

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37. *The Asian Communists.* Peking now seems determined to consolidate the currently improved ties with both North Vietnam and North Korea. If only because of the primacy of the Sino-Soviet conflict, Peking is likely to go to some lengths to improve its relations with Pyongyang and Hanoi, preferably at Moscow's expense. The error of pushing Pyongyang and Hanoi, whether ideologically or politically, now seems to be clear to Peking and is unlikely to be repeated in the same gross forms as during the Cultural Revolution.

38. China's present call for "militant unity" is probably designed, in the first instance, to squeeze out the Soviet Union. It also serves to give the impression of a more active role in the "anti-imperialist" struggle than China's cautious actions warrant. Indeed, it seems likely that China will continue to tailor its role toward propaganda and material support of those on the front lines rather than expose itself to greater risk. This apparent effort to write itself belatedly into any possible settlement in Indochina, together with its sponsorship of Sihanouk, will require careful diplomacy if it is not to alienate Hanoi. Having borne the burden of the fighting, the Vietnamese are likely to be especially sensitive to any Chinese attempt to dictate strategy or tactics. Currently the Chinese are moving with finesse but their natural bent toward chauvinism is nearly as likely to erupt against the Vietnamese as against Westerners.

39. Japan represents a special case for Peking. Because of Japan's remarkable economic performance and US encouragement for it to assume a more active role in Asia, Peking is showing concern over Japan's potential military power, and its possible designs on another Greater East Asia Co-prosperity Sphere. This concern was heightened last fall by the signing of the Nixon-Sato communiqué on the reversion of Okinawa. Peking has always been apprehensive over Japan's expanding influence in Asia, particularly in Taiwan, and has taken the view that the Nixon-Sato communiqué signaled a more assertive and direct role for the Japanese in the area. Peking's reaction has been marked by indignation and by an unsettling conviction that as the US disengages from Asia, Japan will fill the void both economically and militarily and will assume the lead role in countering China. Adding to Peking's dilemma is the awareness that its political assets and leverage in Japan have markedly dwindled and its image has suffered from the extremes of the Cultural Revolution.

40. Despite its limitations—and past failures—Peking seems to have decided to continue on a course of limited meddling in Japan's internal affairs. Peking has also launched an intensive propaganda campaign which raises the specter of a remilitarized, imperialistic Japan, a foreign policy ploy designed to fan traditional Asian fears and to undercut Japanese influence. Moreover, the Chinese are attempting to build a case against US-USSR-Japanese "collusion," which is also intended to strengthen Peking's hand in its competition for influence in Asia. So far this approach has been successful in helping improve China's relations with North Korea, but has not had a significant impact on Peking's non-communist neighbors. Furthermore, the campaign has not been allowed to affect

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materially China's burgeoning trade with Japan, which is expected to reach record levels again this year.

41. *Taiwan.* The continued existence—indeed thriving—of the Nationalist Chinese Government in Taiwan remains a central issue in Chinese foreign policy. This symbol of the unfinished revolution remains a highly emotional issue even after two decades. The Peking leadership faces the general frustration of knowing that they cannot take Taiwan by force, that it will not fall to them by default, and that the growing strength of the independence-minded Taiwanese could weaken Peking's claim to the island and perpetuate the issue indefinitely. The continued recognition of the GRC by many countries in the world and its presence in the UN and other international bodies blocks Peking from full international participation and remains a major irritant to the Chinese Communist leadership. Finally, the Taiwan issue is a complex obstacle to improved relations with both the US and Japan, thus severely limiting Peking's freedom to maneuver on international issues.

42. *Korea* continues to attract Chinese interest because of the strategic role of the peninsula, the quadrilateral competition for influence there, and the volatile relationship between the north and the south. Peking has worked assiduously to regain its influence in Pyongyang and has succeeded in reviving warm displays of friendship. While attempting to limit the role of the US, USSR, and Japan, however, Peking will also seek to limit North Korean adventurism. The outlook is for tough political support for Kim Il-sung's propaganda outbursts combined with quiet restraint on his military excesses to avoid drawing China into another military confrontation on the peninsula.

E. China and the World Community

43. Where Peking's security interests are not directly engaged, Chinese diplomatic activity over the last year has involved far more tactical flexibility than has been shown vis-à-vis the US and the USSR. The face shown the world once again broadly resembles that displayed prior to the Cultural Revolution, a carefully nurtured image of reasonableness, but entailing little or no change in long-term goals. Sino-Soviet considerations are part of the equation in most of this diplomatic activity, and in some cases, notably in Eastern Europe, tend to dominate the Chinese approach.

44. Eastern Europe has become an attractive target for Peking because Soviet problems there seem to draw Soviet attention away from China. In addition to its close ties with Albania, Peking has been actively cultivating the Rumanians, and more recently has shown real flexibility in shelving ideology and improving long-frigid relations with Yugoslavia. Ambassadors have returned to Hungary, Poland, and East Germany. Peking is clearly preparing for long-term competition with the Soviet Union and for this reason alone is likely to give greater attention to the East Europeans. Much will of course depend on the subtlety and finesse of Peking's approach, but at this point the Chinese have apparently assumed the

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opportunities as worth pursuing. In this effort as in other diplomatic endeavors now underway, Peking will likely recover ground lost during the Cultural Revolution, and, if it can hold to its new pragmatic diplomacy, achieve some forward movement.

45. Elsewhere in the world, Peking is showing revived interest in fostering better relations where the cost is cheap and the opportunities tempting. This does not rule out support for revolutionary activity, as is evident in the Near East. In contrast to the heavy arms aid from the Soviets to the Arab world, the Chinese apparently hope to sway the Arabs by concentrating their aid on the fedayeen. This will probably be mainly propaganda on "people's war" with some training and small-arms aid. This also serves to keep the pot boiling and the Soviets distracted. But while denouncing the ceasefire as an American-instigated "Munich" and declaring strong support for the fedayeen in the Jordanian crisis, the Chinese have carefully refrained from attacks on the Arab governments involved, apparently unwilling to compromise future state relations in the area.

46. In Africa, the Chinese will be concerned to restore diplomatic losses to the GRC in recent years. This will require more professional diplomacy and less proselytizing. Indeed, China's Foreign Ministry already seems to have accepted this retreat from Maoist missionary work. For the most part, aid projects are likely to remain modest but with special efforts to make them practical and highly visible. The construction of the \$400 million Tanzania-Zambia rail line appears to be China's prestige project for Africa; the Chinese apparently also hope, through the provision of military aid, to convert Tanzania into a major beachhead in Africa.

47. In an effort which may be intended mainly to spotlight Peking's return to the world scene, the Chinese have also been displaying unprecedented interest in UN membership. In earlier years, Peking put preconditions on its membership which were clearly unacceptable to the international body. More recently, Chinese officials have dropped their extreme demands and have sent out a number of cautious feelers for support in the UN. Whereas Chinese diplomats formerly spurned such support, now they go out of their way to express appreciation for it. Despite all of this activity, Peking has not softened its opposition to any "two-China" formulation, and has continued to make it clear that the GRC must either withdraw or be dismissed before Peking would accept UN membership. Widened diplomatic recognition of Peking, such as by Canada and Italy, is steadily improving the chances for its admission to the UN; such an outcome seems likely within the next few years.

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48. In general, and barring the contingency of military attack by the USSR, China's future international posture is likely to depend more on Chinese internal developments than on external factors. If domestic political and economic problems accumulate, so will the pressure to give them even higher priority,

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with a concomitant lessening in foreign interests. Mao Tse-tung remains the key variable. So long as he retains his dominance within the leadership, Mao could attempt to reverse the present relatively moderate trends. In the past, his impatience has grown as his goals for China have been frustrated by economic reality and recalcitrant human nature. His ability to retreat and consolidate is still evident, but it is questionable whether his age and health will permit another major push toward his visionary aims. In any event, despite his deep concern over the ideological conflict with the Soviets, Mao's attention is likely to remain primarily on developments within China. Nor is he likely to abandon his caution and risk the destruction of China by provocative moves against either the US or the USSR.

49. Mao's death during this period could create succession problems that could give Peking reason to project a low posture on the international scene for some time. Almost any foreseeable combination of successors—even presumably hard-core Maoists like Lin Biao, the designated successor—would probably play for time to consolidate their positions and to strengthen China to meet possible challenges. In the longer run, as those who follow Mao face up to the needs of China, the trend is likely to be away from the ideological excesses of Maoism toward a more realistic adjustment to the difficulties—as well as the opportunities—facing China. Indeed, if the successors persist in the present movement toward greater flexibility and pragmatism, they are likely to have greater success than Mao in expanding China's political influence abroad. And for the longer run, China's traditional ethnocentrism will continue to fuel an assertive and potentially aggressive nationalism.

50. Presumably they will continue to focus their foreign policy on diplomacy at the overt level and on subversion and insurrection at the covert level. This could include "war by proxy" as well as efforts to exacerbate US relations with its Asian allies and to exploit internal tension within these countries. We cannot be sure, of course, how future leaders will see their situation, and it is possible that they will be prepared to employ China's developing power in a more aggressive manner. It now seems likely, however, that the open and offensive use of military power will continue to be judged needlessly risky and therefore counterproductive. Even the development of an operational strategic weapons system may reinforce Chinese caution rather than encourage a more reckless policy. While we do not doubt that China would fight tenaciously if invaded, or if threatened directly with invasion, we see no compelling factors moving Peking toward a policy of expansionism, or even a higher level of risk-taking. For all its verbal hostility and latent aggressiveness, neither the present nor the probable future leadership is likely to see foreign adventures as a solution to China's problems.

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SECTION 35

NIE 13-3-72

China's Military Policy and
General Purpose Forces

20 July 1972

APPROVED FOR RELEASE (b) (1)
DATE: MAY 2004 (b) (3)

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China's Military Policy and
General Purpose Forces

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TOP SECRET
NIE 13-3-72
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CHINA'S MILITARY POLICY AND GENERAL PURPOSE FORCES

NOTE

This is the first estimate on Chinese theater forces to appear in the enlarged format for military estimates.

Optimism regarding our knowledge of Chinese military affairs, however, is tempered by the fact that the circumstances surrounding the 1971 purge of the top military leadership and many of its implications remain obscure. The purge has obviously altered the prospects for the succession to Mao Tse-tung and it has produced at least a temporary return to the pre-Cultural Revolution norm of the Party "controlling the gun". It may have important consequences for military morale, for military priorities, and for military policy.

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THE PROBLEM

To assess Communist China's general military policy and to estimate the strength and capabilities of the Chinese Communist general purpose and air defense forces through 1977.

CONCLUSIONS**POLICY AND STRATEGY**

A. Chinese military policy has been strongly influenced by Peking's aspirations to reclaim a leading role in Asia and to gain recognition as a major world power, and by acute concern to deter attack or invasion by the great powers. Taken together, these considerations have caused China to maintain a substantial military establishment and to bear the heavy costs of modernizing its general purpose forces and of developing an independent strategic nuclear capability. Nonetheless, Mao's insistence on a basic policy of self-reliance and China's limited technical and industrial base have insured that the process of modernizing the People's Liberation Army (PLA) would be a protracted one.

B. Mao's primary concerns have been with the progress of the revolution in China, and the long-term development of modern military forces has taken place within the context of this overriding goal. Mao's willingness to subordinate defense and purely military considerations to the higher priority goals of politics and the continuing revolution—as in the Cultural Revolution—has had an impact on military professionalism, on combat readiness and morale, and even on military production programs. The PLA, in playing a "vanguard role" in the revolution, has been drawn deeply into politics and has been exposed to the inevitable rewards and penalties. The purge of Lin Biao and the top military leadership in 1971 is only the latest, if most dramatic, manifestation of the PLA's continuing involvement in vital issues of national policy.

C. The policy of the People's Republic of China with respect to the use of force has been generally cautious. It has limited the use of combat forces beyond China's borders to circumstances where Peking has seen real and imminent threats to Chinese territory or to vital Chinese interests. In the 1960s, the increasingly hostile nature of Sino-

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Soviet relations radically altered China's strategic problems. Although the Chinese were careful not to show any sign of weakness, they were at pains behind this brave front to control the risks of direct military confrontation with either of the two superpowers, and, as might be expected, their military stance remained essentially defensive.

D. China's strategy for defense against a possible Soviet invasion follows Mao's principles of "luring deep" and "people's war". In the face of the much superior firepower, air support, and mechanized mobility of the Soviet Union, the Chinese have chosen not to position large forces close to the border where they might easily be cut off. The Chinese strategy seems to be to hold back their key main force units until the invading forces are overextended and weakened by the resistance of local defense forces and guerrilla harassment. In contrast to the northern border regions, the coastal areas of China have important concentrations of population and industry, and in these areas the Chinese are prepared for a forward defense employing air and naval forces. If an enemy force landed, it would be met at once by both local defense and main force army units.

E. Another example of Peking's defense-mindedness and awareness of China's vulnerability to attack from the air is the immense effort that has gone into passive defense. The Chinese are building a large portion of their new factories—especially those for military-related industries—in interior regions and have dispersed some of them in out-of-the-way valleys and canyons. Perhaps to a degree unmatched elsewhere in the world, the Chinese are building civil defense facilities, ranging from simple shelter trenches and bunkers to large tunnels with sophisticated life-support equipment in some large cities. Large tunnels now in existence or under construction at 75 or so of China's airfields will be able to shelter most of China's fighter force, and other underground facilities built or under construction will be able to shelter all of the navy's existing submarines and missile boats.

F. While the main focus of China's strategy is defensive, this is not to say that Peking has given no thought to contingencies involving offensive operations. In any case, a military force which has been developed to defend against the superpowers inevitably has a considerable offensive capability against lesser foes. China could, for example, conquer all of Southeast Asia if opposed only by indigenous

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forces. If Peking decided to take Taiwan, a considerable redeployment of its forces would be required, as well as extensive amphibious and airborne training. Once these preparations were made, China could almost certainly take Taiwan in the absence of US military intervention. If the Chinese were to participate in a major attack against South Korea, which we think unlikely, they could effectively commit as many as 35 divisions in the narrow peninsula. In the case of South Asia, the Himalayas and the vast reaches of the Tibetan Plateau would severely limit China's offensive capabilities; long and difficult supply lines would prevent the Chinese from sustaining any offensive into India beyond the Himalayan foothills. But in any of these contingencies, Peking would be constrained by the necessity of providing for defense needs elsewhere, particularly vis-à-vis the Soviet Union, and by the requirements of internal security.

THE FORCES

G. The greatest relative weakness of the Chinese vis-à-vis the US and the USSR is in the field of strategic weapons, and Peking has assigned first priority to ambitious and costly programs aimed at providing China with a credible deterrent against nuclear attack. After strategic programs, air and naval modernization has had the higher claim on resources; modernization of the army seems to have received a somewhat lower priority.

H. Even so, the ground forces remain the dominant element. The size of the force (at 3.0 million men, the Chinese Army is the largest ground force in the world), the toughness and discipline of the Chinese soldier and the quality of small arms with which he is equipped are impressive. The Chinese Army for its size and by US and Soviet standards, however, has relatively little armor, and is only moderately well equipped with artillery. Tactical air support for ground troops is limited, and shortages of vehicles and transport aircraft restrict mobility and logistic support. In a non-nuclear war on its own ground against any invader the Chinese Army would be a most formidable force. In these circumstances it would be able to capitalize upon its vast manpower reserves, its ability to mount a large-scale guerrilla effort, and its ability to use China's terrain and territory to advantage in fighting a prolonged war. In contrast, the Chinese Army would experience

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great difficulty in trying to push very far beyond China's borders against the opposition of a modern force. Here the weakness in transport, logistics, firepower, and air support could become critical.

I. While its inventory of some 4,000 combat aircraft is the third largest in the world, China's equipment is far below the standards of US or Soviet aircraft. Air defense is the primary mission of this force, with 37 of the 53 Chinese air divisions assigned to this role. The air defense system suffers from serious weaknesses because of its reliance on relatively outmoded aircraft, a very modest level of surface-to-air missile (SAM) deployment, limited air surveillance capabilities, and the lack of automatic data-handling equipment.

J. China's ground attack fighter force consists of Mig-15/17 jet fighters and a growing number (currently about 185) of F-9 fighter-bombers (a Chinese-designed aircraft somewhat larger than but resembling the Mig-19). About three-quarters of China's 540 or so bombers are obsolescent Il-28s. The Chinese also have deployed about 43 Tu-16 jet medium bombers, but we believe Peking intends to use the Tu-16s mainly as part of China's force for peripheral nuclear attack.

K. The Chinese have invested heavily in naval programs, and this effort is beginning to pay off. The fleet now includes about 53 attack submarines, 16 destroyer escorts (including 6 that are equipped with cruise missiles), about 55 missile patrol boats, and several hundred motor gunboats and torpedo boats. The coastal patrol type vessels are prepared to play a significant defensive role; the larger ships and submarines further enhance Chinese defensive capabilities but have not yet ventured any extended operations into deep waters. The Chinese Navy has only a limited air defense capability, and its antisubmarine warfare capability is rudimentary. The Chinese have only a limited sealift potential, have no amphibious shipbuilding program and have conducted no large-scale amphibious training.

PROSPECTS

L. Peking's cautious attitude respecting the use of force seems likely to continue for some time, partly because the Chinese see no advantage in risking a military confrontation with the vastly stronger superpowers, and partly because Maoist doctrine continues to hold that

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revolution cannot be sustained by external forces. We do not rule out a shift in this generally defensive and cautious policy on the use of force as China's conventional and strategic power grows and in circumstances in which nationalist sentiments may have gained ground at the expense of Maoism. But there is little in the current situation to suggest that such a shift would be likely in the next few years.

M. We cannot foresee any weakening in the basic drive to develop China as a major military power. As in the past, however, progress in modernization and in developing military professionalism is likely to come into conflict with Maoist political and ideological goals. Moreover, because of China's limited technical base, the modernization of the PLA will necessarily be protracted, and the process will undoubtedly require numerous compromises concerning the balance of effort between strategic and conventional forces, and between near-term results and longer-term progress. While the Chinese could probably step up their efforts at military modernization somewhat, they are much nearer the margin of their capabilities than either the US or USSR.

N. Thus the outlook for the next five years is one of continuing improvement along current lines based on programs now underway. A continuation of this persistent effort to build a formidable military establishment is unlikely to produce any spectacular breakthroughs or developments in the PLA. It will, however, permit Peking gradually to operate in the international arena with somewhat less concern for China's military weaknesses and shortcomings.

O. The Chinese Army is receiving newer and better equipment—including improved light and medium artillery, light amphibious and medium tanks, armored personnel carriers, more modern communications equipment, and increasing numbers of trucks—that will gradually upgrade its firepower and mobility. Training is being conducted on a larger and more elaborate scale, and there may be other changes in process—e.g., more attention to arming and training paramilitary forces—that will enhance the military usefulness of China's virtually unlimited manpower. While these improvements will not be sufficient to enable Peking to project its forces much beyond China's borders against first class opposition, the PLA should be able increasingly to

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contest an invasion more effectively and in somewhat more forward positions than is now the case, especially on the northern and north-western frontiers. In short, the already formidable defensive capabilities of the Chinese Army will increase, and the prospect of engaging this force will become a more and more unattractive proposition for any potential adversary.

P. The outlook for air and air defense forces is one of substantial increases in size with qualitative improvement proceeding at a more modest pace. Peking may decide to phase out production of Mig-19 fighters in favor of Mig-21s. Chinese-produced Mig-21s evidently have not yet entered the force, but we expect this to occur in the near future. The availability of this aircraft would mark the beginning of major improvements in intercept capability, particularly as the Mig-21s would probably be armed with air-to-air missiles and be equipped for all-weather operations. The Hsian-A interceptor, a native-designed follow-on to the Mig-21 currently being tested, may be available for deployment in the mid-1970s.

Q. SAM deployment will probably proceed at a faster rate than in years past, and deployment of the Chinese version of the SA-2 may be supplemented by a low-altitude weapon during the period of this Estimate. Radar coverage will improve and expand, and new communications equipment now becoming available will improve the command and control of China's air defense system. Despite this growth and improvement, however, China will continue to be vulnerable to a large-scale attack by planes employing the latest equipment and technology.

R. The new F-9 fighter-bomber represents a significant improvement in China's ground attack capability and is likely to be deployed in fairly substantial numbers. Peking may soon conclude that the cost of building and deploying the outmoded Il-28 jet light bomber is not warranted and that production should cease. Although the Chinese will probably use the Tu-16 bomber primarily as a strategic weapon carrier, some will probably be assigned to reconnaissance and other non-strategic roles.

S. China's naval programs clearly attest to an ambition to become an important naval power. Production of attack submarines, destroyers,

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destroyer escorts and guided-missile patrol boats is likely to continue to be substantial. The evidence suggests that China now has one nuclear-powered attack submarine; if so, several more will probably enter the fleet during the period of this Estimate. At this point, however, the Chinese Navy's level of operational experience has not kept pace with additions of new units and advances in technology. Given the complexity of learning to operate as a deepwater navy, this situation is likely to persist throughout the period of this Estimate. Although there is a good chance that the Chinese will begin to "show the flag" in foreign waters with some of their newer units, there is little likelihood of their establishing a major naval presence in waters distant from China for some years.

T. China's nuclear program has given first priority to the development of high-yield thermonuclear weapons for strategic attack. But the Chinese have an obvious requirement for tactical nuclear weapons, and Chic-13, which was tested in January 1972, could have been a step in filling this requirement.

Thus we feel that it is too early to conclude that China has developed a nuclear weapon for delivery by fighter aircraft. Nevertheless, we think it likely that the Chinese will acquire a tactical nuclear capability during the period of this Estimate. A bomb is the best candidate for an early capability. Somewhat later, toward the end of the period of this Estimate, the Chinese will probably be capable of deploying tactical nuclear missiles or rockets.

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SECTION 36

NIE 11/13/6-73

Possible Changes in the
Sino-Soviet Relationship

25 October 1973

APPROVED FOR RELEASE
DATE: MAY 2004

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NATIONAL INTELLIGENCE ESTIMATE

Possible Changes in the Sino-Soviet Relationship

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POSSIBLE CHANGES IN THE SINO-SOVIET RELATIONSHIP

PRÉCIS

Significant improvement in Sino-Soviet relations is unlikely in the next year or two—particularly if Mao survives. A central element of the impasse at this stage is the absence of any visible inclination in Moscow to reduce its military forces along the Chinese border.

War between Moscow and Peking is a possibility, but we rate the odds as low—no higher than 1 in 10. China, clearly the weaker party, would not attack. The USSR would mainly be deterred by: China's strategic missile capability, however modest; the chance of becoming bogged down in a protracted ground war; concern over the potential impact on its economic relations with the West; and, uncertainty as to the nature and scope of US reactions.

Military action against China—particularly a disarming nuclear strike—may continue to have a certain appeal to some Soviet leaders, and arguments for a disarming strike would probably gain strength if the US appeared to move toward an anti-Soviet alliance with the Chinese. Even in this contingency, however, the counter-arguments would seem far more compelling. Thus, it is likely that Moscow will hold to a more measured course, one which does not foreclose the possibility of some accommodation over the longer term.

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[DIA and Air Force would differentiate between a large-scale invasion and a disarming strike, rating the likelihood of a disarming strike as markedly greater than that of an invasion.]

Indeed, the longer the Sino-Soviet peace is maintained, the better the chances for a reduction of tension in the relationship. Mao's death, for one thing, should ease the way toward accommodation for both sides. Soviet or Chinese disappointments in dealing with the US might provide other incentives to bury the hatchet. So would the growth of Chinese nuclear strength and overall self-confidence in dealing with both superpowers. There are also the cumulative costs of years of tension and military preparedness, which may dispose both sides toward less risky, more controlled forms of competition—a new relationship in which differences are muted and third parties prevented from exploiting Sino-Soviet cleavages.

But movement beyond limited accommodations toward a genuine and durable rapprochement—broad collaboration and perhaps a new alliance—seems highly unlikely, even through 1990. National antagonism and basic clashes of interest run too deep.

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A long-term improvement in the tone of Sino-Soviet relations would not necessarily mean communist unwillingness to do business with the West. There would still be strong interest in a continuing interchange of trade and technology. But there would be adverse effects. The Chinese would be less interested in improving relations with the US and less tolerant of the US military presence in the Far East. The Soviets would be less concerned with détente in Europe and more willing to compete with the US globally. Japan would have less room for maneuver between Moscow and Peking, both of which would oppose the growth of Japanese influence abroad.

The most significant result of any major reduction in Sino-Soviet strains might well be a general fear in the West and in the Third World that something like full-scale rapprochement was in the wind. This would stimulate interest in regenerating alliances with the US and could, in certain circumstances, increase resistance to further détente efforts among Western leaders.

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THE ESTIMATE

I. THE ROOTS OF CONFLICT

1. *Background.* The Sino-Soviet dispute owes as much to old national rivalries as to the ideological battles of the last decade or so. Before Mao won control of the Party in the mid-1930s, however, the relationship of the Chinese communists with the Soviets resembled that of pupil and teacher. But even then, the Chinese found Soviet advice inappropriate and often hazardous, and the efforts of Moscow to control the Chinese Communist Party created a lasting mistrust and resentment. After the Chinese communists won their civil war, Mao's 1949 pilgrimage to Moscow was marked by lengthy and tough negotiations over the Sino-Soviet Treaty of Friendship, Alliance, and Mutual Assistance. Stalin was concerned that Mao might become a new Tito, and was quick to take exception to Chinese claims for Mao's doctrinal originality.

2. With this inauspicious beginning, it is surprising that the Sino-Soviet honeymoon lasted as long as it did. During the 1950s, the Korean War and its lingering effects on attitudes in Peking and Washington, and China's urgent need to develop and modernize its economy, tied Peking to Moscow. All the

while, of course, Peking hoped to become self-reliant and feared that Soviet aid might freeze China in a permanent state of dependence and inferiority. In a poorly executed attempt to achieve an economic breakthrough, Peking launched its Great Leap Forward and commune system in 1958; the Soviets saw it as an ideological challenge as well as a misuse of their technical aid.

3. On yet another track, the death of Stalin in 1953 encouraged Peking to promote Mao as the top ideologue and senior leader of the communist world. The Soviets made little effort to conceal their contempt for this challenge, though it was after Khrushchev's de-Stalinization speech—at the 20th Congress of the CPSU in 1956—that this facet of the dispute began to intensify. China's interventions in the Polish and Hungarian crises of that year confirmed Peking's new assertiveness in competing with Moscow on matters concerning international communism.

4. Moscow's refusal to provide the kind of nuclear aid demanded by China, coupled with Soviet reluctance to join China in confronting the US in the 1958 Taiwan Strait crisis, further aggravated the deteriorating

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relationship. The Soviet withdrawal of technicians from China in 1960 brought the conflict into the open and marked the end of attempts to develop cooperation in economic and technical fields. As the dispute worsened through the polemical exchanges of 1963-1964—and as the Chinese subsequently concluded that the fall of Khrushchev meant no softening of Soviet policy toward Peking—the stage was set for an escalation into military competition. Indeed, the Peking meeting between Mao and Korygin in February 1965 left neither side in doubt about the depth and enduring nature of their conflict. It probably also served to give final impetus to a Soviet decision to strengthen their military forces along the Chinese border.

5. *Military Aspects.*¹ The military buildup along the Sino-Soviet border since 1965, particularly on the Soviet side, remains the most dramatic and convincing evidence of the deep hostility between the two powers. Soviet divisions near the border in 1965 numbered 13 or 14. Now there are 43 combat divisions which could be used in the early stages of a major conflict with China. In the same period, Soviet tactical air strength near the border has grown from less than 200 aircraft to some 1,150. The buildup has been relatively fast though it appears to reflect a long-range plan for methodical growth. While some experienced Soviet military personnel and some air units have been drawn from the western USSR, no ground units opposite the NATO central region have been used in the buildup. Soviet deployment of new forces to the Sino-Soviet border area appears to have tapered off.

6. For their part, the Chinese made no effort to concentrate additional troops close to the border, though aware of the Soviet

buildup shortly after it began. In the period 1965-1968, China was deeply enmeshed in the Cultural Revolution, which involved the intensive participation of the People's Liberation Army. Peking was also sensitive to the threat posed by US forces in Indochina. China's relative military weakness required that it offer no serious provocation to either the USSR or the US. The chosen strategy was to hold Chinese forces well back from the frontiers—where they might easily be cut off by the superior mobility and firepower of enemy forces—in order to maintain balanced protection of vital centers against all potential threats.

7. Chinese fear of Soviet attack reached its peak in 1969-1970, following the Soviet show of force in response to Chinese-incited border incidents along the Ussuri River. Peking's immediate counter was to impose greater restraint over its frontier units, to agree to border talks with Moscow, to shift some army units northward (though still far back from the border), and to intensify the construction of underground shelters and facilities. Chinese concern over Soviet military intentions was also used at this time to justify phasing out those aspects of the Cultural Revolution that had become increasingly anarchic and troublesome. "Red Guard Diplomacy" was replaced with a new image of respectability and responsibility in the West. Peking's confidence vis-à-vis the Soviets rose dramatically in 1971 with its entry into the UN and the improvement of its relations with the US. While Chinese fears of Soviet attack are real and ever-present, these diplomatic successes—together with China's progress in the deployment of strategic weapons—have reduced their intensity relative to the peaks of 1969-1970.

8. *Current Levels of Contact.* Apparently as the result of a deliberate Soviet decision to intensify the propaganda battle, exchanges

¹ See NIE 11-13-73, "The Sino-Soviet Relationship: The Military Aspects," dated 20 September 1973, TOP SECRET-ALL SOURCE, for a detailed analysis of the subject.

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between Moscow and Peking have recently reached the highest level of acrimony since 1969. Soviet moves in this latest series of political exchanges have included another offer of a non-aggression treaty to Peking in June (which according to Brezhnev, "China did not even deign to answer"), and an initiative at the Crimean Conference of the Warsaw Pact party leaders in July to provoke discussion of the "China problem." These actions were followed in August by two authoritative Pravda articles which seemed to argue that China had by its own actions and policies removed itself from the socialist community. The Soviets have been moved in all this by their concern over Chinese meddling in both East and West Europe in the midst of MBFR and CSCE negotiations, by their hope to influence intra-Party debate in China, and by their desire to limit China's appeal to the non-aligned states (especially during the non-aligned conference in Algiers in August). The Soviet campaign may also reflect some maneuvering by Moscow vis-à-vis the Sinophilic Romanians and perhaps some preliminary efforts to set the stage for an international communist conference which would denounce the Chinese.

9. The Chinese, reacting to these Soviet efforts to condemn them in the eyes of Eastern Europe, to isolate them politically from the socialist world, and possibly to meddle in Chinese internal affairs, responded with predictable vehemence. In his definitive statement at the Party Congress in August, Chou En-lai left no doubt that Peking considers the Soviets as its number-one enemy. He charged that the "new empires" have restored capitalism, imposed a "fascist dictatorship," and used military force to back their foreign policies; he stated that China should remain on guard against a "surprise attack" by the Soviets. For all his bill of particulars against the Soviet leadership, Chou was careful not

to rule out improved relations—or at least not to leave China vulnerable to a charge of rejecting compromise. As Chou put it, "The Sino-Soviet controversy on matters of principle should not hinder the normalization of relations between the two states on the basis of the five principles of peaceful coexistence." Despite this gesture on Chou's part, the net effect of these exchanges has been to further poison the atmosphere in the bilateral relationship.

10. Apart from these well-known polemics, there is little evidence on the structure and functioning of the current Sino-Soviet relationship. On the governmental level, trade and diplomatic matters (including border talks at the vice-ministerial level) are conducted correctly though coldly. And these governmental channels appear to be the main—if not the only—direct lines of contact between the two countries. There is no indication of any regular liaison between the two communist parties; indeed, it would be remarkable if any direct party link had survived the years of acrimony. However, the diplomatic mechanism is always available for quick and secure contacts. And if the situation should warrant, new channels could be hastily staffed for closer liaison. So long as fundamental disagreement persists, however, both sides are likely to continue to air their differences in public as well as in their private exchanges.

II. THE CONFLICT AS AN ELEMENT IN INTERNATIONAL POLITICS

11. The rupture of the Sino-Soviet relationship has helped establish the preconditions for new patterns of relations among the powers. The rivalry between Moscow and Peking now affects virtually every aspect of their foreign policies and, on balance, has exacted a heavy price from each of them in their dealings with other nations. Their attention and resources have been diverted from

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other problems to deal with what has become a high priority for each—containing the influence of the other. The Soviets fear the considerable boost in economic and military strength which China could achieve over time from the unrestricted import of US and other Western technology. The Chinese fear the isolation and vulnerability that would result from US-Soviet "collusion to achieve world hegemony." Peking and Moscow are sensitive, of course, to the efforts of other powers, particularly the US, to exploit their rivalry; and this makes calculations of balance and advantage among the major powers—including Japan and Western Europe—exceedingly complex. All Chinese and Russian policy decisions must now be weighed in the light of how they might affect the balance of their rivalry.

12. For a few third parties, the Sino-Soviet competition has brought undesired complexities and disadvantages. North Vietnam was able, during the crucial years 1965-1970, to play Peking and Moscow to its own advantage. Hanoi, however, would have preferred the resolute backing of a united communist bloc during this period. And now, Hanoi finds the separate and competing approaches of the Soviets and Chinese to Washington distinctly harmful to its more parochial interests in South Vietnam. For North Korea, a degree of division between Moscow and Peking was for many years welcome; it provided Kim Il-sung the opportunity to assert his independence of both these powerful allies. But the intensity of the Sino-Soviet dispute and its profound effect on Soviet and Chinese relations with the US have served to foreclose external support for any North Korean military approach to the unification issue.

13. For most of the world, the present status of the Sino-Soviet relationship brings a greater sense of opportunity and security. Japan now

finds the two communist powers far less hostile as they compete, to a degree, for its favor. Peking is even prepared to accept, at least at this point, a continuing US military presence in Japan. Chinese fears of the USSR are also a major factor in Peking's more moderate posture toward local governments in Southeast Asia and in its current willingness to countenance a continued US presence in that region. These changes in Peking's posture have by no means meant assurance of Chinese restraints on North Vietnam, or Chinese collaboration with the US to achieve a negotiated settlement in Cambodia, or Chinese disengagement from the active communist insurgencies in Thailand and Burma. But the shift has opened the possibility of a less disruptive Chinese role in the area in the future, and even of some collaborative efforts with the US and the local anticommunist states, all designed to serve China's broader strategy vis-à-vis the USSR.

14. Moscow's push for détente in Europe is in part motivated by a desire to improve its ability to deal with the problem of China. Recognizing this, Peking has actively encouraged the nations of Western Europe to ignore Soviet blandishments and to strengthen their ties with Washington. Peking's encouragement of a stronger NATO as a shield against Soviet pressures is helpful to US policy. The Chinese position on MBFR, however, is opposed to that of the US; and Chinese arguments about US-Soviet "collusion" tend to reinforce suspicions of the same in places like Paris. China's relative lack of influence in Europe, though, limits the impact of its views on ongoing substantive negotiations concerning that area.

15. China's effort to shake Moscow's control over the communist parties and the states of Eastern Europe probably represents more of an irritant than a threat to the Soviet pos-

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tion there. But the Sino-Soviet conflict has complicated Moscow's dealings with its Warsaw Pact allies, introducing another contentious issue and giving some of them a degree of leverage against the USSR. It has also encouraged a natural tendency among some East European states to seek as independent a foreign policy as possible without inciting Moscow's ire. Romania's ostentatious friendship with Peking and refusal to cooperate in Soviet propaganda against Peking is particularly frustrating to Moscow.

16. China's admission to the UN brought the Sino-Soviet conflict directly into that body, further complicating international efforts to achieve consensus on major issues—e.g., arms control and the Law of the Sea. While Peking continues to oppose US positions in the UN, its most biting attacks there have been directed at the Soviet Union and the "social-imperialist" threat. The US has not been able to take direct advantage of the Sino-Soviet dispute in the UN to secure favorable votes, but Peking's attacks on the Soviets have taken some of the international heat off Washington, long the favorite target for Third World rhetoric. Moreover, with the Soviets and Chinese frequently pulling their clients in different directions, anti-US forces at the UN have had more tactical difficulty mustering support for their positions.

17. Peking has regularly tried to rally Third World countries against the US as well as the USSR, however, and has attempted to warn newly independent nations of the "threat" which close relations with either power represents. Currently, for example, Peking is busily denouncing the US and the USSR for perpetuating tensions in the Middle East at the expense of the Arab cause.

18. The Sino-Soviet rivalry has also caused Peking to greatly reduce its involvements in most revolutionary and guerrilla movements in

recent years, and to devote attention to cementing ties with existing power structures almost everywhere in the Third World. This has contributed to a lowering of tension in various troublespots and to better relations between Peking and many non-communist states important to Washington. China has dramatically improved relations with Iran, for example, hoping to help block the further development of Soviet influence in the Persian Gulf region. In Africa, the Chinese have been aggressively expanding state-to-state relations, in a few cases (e.g., Somalia) in direct competition with the Soviets and virtually everywhere with an eye toward weakening the influence of the superpowers. In Latin America, where Chinese interests are still limited, there has been far less maneuvering between the two communist powers for influence.

19. Peking and Moscow have backed up their competition for influence in the Third World with trade and aid. The USSR provides by far the greater amount and is engaged in a broad-based contest for influence throughout the Third World, against the US as well as China. Peking has perforce been more selective with its aid; and its substantially expanded aid programs appear designed for the most part to counter the Soviets. China has moved aggressively to edge out the Soviets when targets of opportunity arose—e.g., by offering substantial aid to Sudan after its serious rift with Moscow. Peking has also extended generous aid offers to states with which it had little previous contact, as in Zaire, despite the displeasure such initiatives raised in other, less liberally treated, client states like Congo Brazzaville. The Chinese have not abandoned their established allies, of course, and continue—by virtue of their large aid programs—to enjoy far greater influence than the Soviets in states like Pakistan and Tanzania. In fact, in most cases one or the other of the communist powers is in a clearly more

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influential position vis-à-vis the other, so that despite the world-wide Sino-Soviet competition, there has not been a wild bidding war between Moscow and Peking for economic influence in the Third World.

20. Peking and Moscow still compete for the favor of selected national liberation and subversive organizations world-wide, but the fervor of their competition has dimmed dramatically in recent years. The seriousness of the Sino-Soviet competition has focused Chinese and Soviet attention on more crucial areas (e.g., Europe and the US), as well as encouraging them to deal with existing governments. In only three areas is there still a significant competition for influence with national liberation groups. In Indochina, both Moscow and Peking, while paying proper deference to Hanoi's leading role, still compete for influence with the liberation forces in Laos and Cambodia. In the two other sectors—among the Arab fedayeen and the revolutionaries of southern Africa—the competition between the two has been low-keyed, with the Soviets generally holding the upper hand without serious challenge. Since the Chinese appear unwilling to commit the resources to oust the Soviets from their dominant position, and the Soviets equally unwilling to up the ante to make the liberation groups more serious threats, the contest for influence seems likely to stay within current parameters.

III. THE FUTURE OF SINO-SOVIET RELATIONS

21. The fundamental issues and basic clashes of interest which separate the two powers appear so profound as to ensure the *prolongation of a competitive and adversary relationship*. Sino-Soviet antagonisms, rooted in history and cultural differences and nurtured on 15 years of insults, threats, and ideological disputes, have grown deep and strong. Shifts in both Soviet and Chinese

foreign policies in recent years have added new dimensions to their conflict. In particular, the efforts of each country to cultivate better relations with Washington have fed mutual distrust and helped fuel the rivalry. So have the efforts of each to expand economic ties with the West. And neither development seems to be a short-term proposition: the first reflects a belief in both Moscow and Peking that easing tensions with Washington serves their national interests and strengthens their international position, and the second is in both cases the result of basic and probably durable economic needs, especially for protein supplements and advanced technology. The current competition in contiguous areas has also heightened the level of distrust and contention. Chinese efforts to encourage East Europeans to loosen their ties with the USSR provoke Moscow's ire. Moscow's efforts to promote its Asian Collective Security concept have intensified the Chinese conviction that the USSR is determined to isolate China and check its influence throughout Asia.

22. In sum, the Sino-Soviet dispute has by now gained such momentum and has so involved the personal prestige of the leaderships, particularly on the Chinese side, that any significant amelioration seems unlikely in the near term. Thus, for the next year or two—and particularly if Mao survives—it seems most likely that the present level of tension will persist. This is not intended to imply that Sino-Soviet relations are fixed for the immediate future. The tone of the relationship will surely vary from time to time. Border frictions, domestic political needs, or unusual troop deployments could contribute at any time to eruptions in the relationship. The level of propaganda invective will vary in any case. The possibility of war, of course, will remain.

23. The Soviets have shown no inclination to respond to Chinese demands that they pull back their forces along the border. Moscow

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clearly feels real concern about security in Soviet territory bordering China and has deployed what it probably considers the minimum force capable of handling any contingency on its frontiers. But the Chinese clearly see this as a disproportionate and unjustified display of strength, and are disinclined to make concessions under what they choose to interpret as a Soviet show of force. At this point, it is doubtful that either side would reduce military forces along the border for fear that this would signal irresolution or lack of staying power to the other side.

24. *Although we rate the odds of war as low, it is necessary to give serious attention to this possibility.* Because of Chinese awareness of Soviet military superiority, the chances are remote that Peking would deliberately take actions leading to war. But various motivations are conceivable for major Soviet military actions against China. In the improbable event that China engaged in persistent border harassments, the Soviets might move beyond local reprisals and cross the border in considerable strength in an effort to halt such provocations. Larger military operations, involving penetrations of several hundred miles into Manchuria and Sinkiang, might be undertaken to exert pressure on the Chinese leadership in some other context as well. Deeper penetrations, which would require more extensive mobilization of Soviet forces, would have the purpose of solving the more basic "China problem." An opportunity for such action might occur in the unlikely contingency of a China sharply divided by an internal struggle for power.⁵ In this case, the Soviets

⁵ The idea that China might suffer deep internal divisions and a severe weakening of central authority gained currency outside China during the Cultural Revolution. In retrospect, we can see that there were serious strains; but the more significant fact was the continuing responsiveness to central authority despite deep cleavages within the leadership at all levels.

might intervene with the aim of supporting or imposing a faction more favorably disposed toward cooperation with the USSR.

25. Whatever the circumstances of a Soviet move into China, Soviet leaders would almost certainly expect Chinese resistance to develop and to be stubborn. They would have no assurance that the war could be brought to an end on Moscow's terms nor that Soviet forces would not get bogged down in a protracted and costly struggle. Moscow might foresee being confronted eventually with a choice between withdrawal or the use of nuclear weapons in an effort to end the conflict. The use of nuclear weapons, even if successful, could have far-reaching adverse repercussions for the USSR's position in the world.⁶ Moscow would fear that the US would turn hostile, move close to China, and attempt to rally world opinion in favor of a general policy of condemning and isolating the USSR. In any event, Moscow's general policy of détente with the West, particularly its effort to foster economic ties with the advanced Western countries, would be imperiled. Thus, a major ground attack on China, especially one involving nuclear weapons, would involve not only accepting serious new risks, but rejecting an established policy that has reduced conflict on the border with China and promised political and economic benefits elsewhere in the world.

26. While Soviet planners probably recoil at the thought of becoming bogged down in ground actions in China, there no doubt remains the temptation to deal with the more critical aspects of the Chinese threat before it is too late—i.e., to knock out China's still modest but growing strategic capability with

⁶ The Assistant Chief of Staff, Intelligence, USAF, believes that the use of nuclear weapons against China might also be viewed by the Soviets as having desirable repercussions, either of a tactical or strategic/political nature.

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a disarming nuclear strike. Arguments for this course as the only means of forestalling a basic and unfavorable shift in the world strategic balance would probably gain strength if, in Soviet eyes, the US appeared to move from an even-handed posture between Moscow and Peking toward an anti-Soviet alliance with the Chinese. In this event, it could be argued in Moscow that détente had failed and that a display of naked force which destroyed Chinese strategic capabilities and instilled an abiding fear among the peoples and governments of Asia, Europe, and the Middle East would bring gains that more than offset the damage to the Soviet image.

27. The counter-arguments seem far more compelling. The Soviets could not be certain that some Chinese missiles would not survive the blow or that the Chinese would refrain from launching them against Soviet cities. Nor could Moscow be certain that China would not attempt to engage Soviet general purpose forces in a protracted struggle. As in the case of a ground invasion, there would be much concern about hostile US reactions. As for discounting these reactions and shifting belligerently to a general posture designed to exploit fear of Soviet ruthlessness and power, most Soviet leaders would probably view this as bringing with it all the disabilities of the Stalin era.

28. Our judgment, based on weighing all these and other considerations, is that the chances of a premeditated large-scale Soviet attack on China—while certainly still such as to demand attention—are quite low, say on the order of 1 in 10. While Moscow is prepared to punish the Chinese at any point on the frontier where the Chinese might act forcibly to assert territorial claims, the main Soviet policy to counter China is centered on diplomatic efforts and on activities within the world communist movement. These efforts will not cause the USSR's "China problem"

to go away; and military action, particularly a disarming nuclear strike, may continue to have a certain appeal to some Soviet leaders. But when considered in light of the calculable and incalculable risks of military action, arguments for a more measured course which holds open the possibility of some accommodation and even reconciliation over the longer term are far more likely to prevail within the top Soviet leadership.

29. Most participants in this Estimate feel that the judgment above applies to both a large-scale Soviet invasion and a disarming nuclear strike. While the latter course probably rates more serious consideration by Soviet planners, the chances still seem low that such a course would actually be approved and implemented. DIA and Air Force, however, would differentiate between a large-scale invasion and a disarming strike, rating the likelihood of a disarming strike as markedly greater than that of an invasion.

30. If war does not intrude over the next few years, the odds on this contingency will decline as the Chinese deterrent grows. In the meantime, other factors may emerge to encourage a *trend toward reduced levels of tension and a more controlled competition*. An unpredictable yet potentially crucial factor affecting the future of Sino-Soviet relations is the post-Mao leadership situation in China. Given his personal involvement in the whole process of the deterioration of the Sino-Soviet relationship, Mao's passing will present an opportunity for both sides to reassess their postures.

31. It is doubtful that any single successor to Mao, even Chou, will be able to command the power and authority that Mao has wielded. A period of persistent pulling and hauling appears likely; there are bound to be disputes on matters of authority, style, pace, and priorities, and these disputes will leave casualties. Rivalries might become particularly intense

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if Chou should predecease Mao. And if Mao and Chou were to leave the scene at about the same time, Chinese politics might become seriously unstable and Peking's international behavior—including the course of relations with the USSR—unpredictable.

32. Various possibilities could be imagined in the post-Mao environment. There could be a breakdown in central authority as contending factions in Peking formed alliances with regional leaders; in this event, China might cease to play an active international role until unity had been restored. A second possibility is the emergence in Peking of a faction which—with or without covert Soviet assistance—would move China back into close alliance with the USSR.

33. Extreme changes of this sort are unlikely in the light of present circumstances and the history of the Chinese Communist Party. There is a strong commitment to a unified China within the armed services and the Party, and it is likely that the appearance of a regionally based challenge to central authority would serve to unite other contending factions in defense of Peking's authority. As for a "pro-Soviet faction," there is no reliable evidence for the existence of any such group in the Chinese Communist Party since at least the early 1960s, much less information to indicate any significant Soviet capability to manipulate Chinese leaders.⁴

34. This brief discussion does not exhaust the alternatives. But the most likely composition of the leadership after Mao and Chou

will be some combination of the military leaders, party cadre, and experienced civilian bureaucrats now visible on the scene at national and regional levels. While these men reflect a range of views, the political balance appears somewhat to the right of the revolutionary activists who reached their high point during the Cultural Revolution. While these leaders would undoubtedly offer lip service to the revolutionary ideals of Mao, and almost certainly would persevere in seeking a socialist China, they would nevertheless tend to be more pragmatic than idealistic, more moderate than radical, and more concerned with China's material future than with the world's ideological struggles.

35. A leadership drawn from this group would probably retain an interest in productive relations with the US and the West. But it might also be disposed to place relations with the USSR on a more businesslike basis for a variety of strategic, political, and economic reasons.

36. On the Soviet side, leadership changes do not seem likely to result in major shifts in Soviet attitudes or policies toward Peking. While differences undoubtedly exist on how best to handle Moscow's China problem, it is not possible to discern precisely how these differences will affect decisions on the tone and pace of Moscow's approaches to China. What does seem clear is that the USSR would, at least over the longer term, welcome a less tense and more businesslike relationship with Peking.

37. Should Moscow sense that a leadership similarly disposed had emerged in Peking, it is possible—even likely—that it would take the initiative to explore the opportunities for a more relaxed relationship. The Russians might offer to make certain political gestures. They might suggest a visit to Peking by the USSR's current leader, or extend token concessions indicating respect for Chinese inde-

⁴ Despite allegations concerning Lin Biao and Peng Te-huai, their problems with Mao almost certainly arose from domestic policy and power issues. Foreign policy, including the proper balance of Chinese relations with the US and the USSR, may have become involved in later stages of both affairs; but even if this is the case, there is no evidence to suggest that either Lin or Peng were being manipulated by the USSR or were consciously seeking to advance Soviet interests.

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pendence and doctrinal originality. (There are precedents for both these actions in Soviet relations with Yugoslavia.) The Soviets might also offer to expand trade and to resume economic and, perhaps, military aid. They might even offer to reduce their competition with Peking for influence in Southeast Asia in exchange for similar Chinese restraint in Eastern Europe and the Middle East. Moscow would hope that Peking would reciprocate by suspending its anti-Soviet politicking at the UN and in diplomatic conversations with third nations, or at least quieting its anti-Soviet propaganda, restraining its missionary activities in the communist world, and tacitly accepting the status quo on the territorial issue.

38. Indeed, any genuine reduction of Sino-Soviet tension is difficult to foresee without some sort of concurrent move toward settlement of the longstanding border issue. The problem could be negotiated if China holds to its present position that the current border as defined in the "unequal treaties" of the czarist era is an acceptable basis for a settlement. In such case, the border problem is essentially one of agreement on certain territorial adjustments, in the Pamir region and, most importantly, along the riverine frontiers of Manchuria. It is just such disputed areas—e.g., the strategically important island opposite the Soviet military center of Khabarovsk—however, that Peking is prone to cite when it claims that the Soviets are occupying territory beyond that obtained under the "unequal treaties." Thus, the negotiation remains deadlocked, a casualty of the overall poor tenor of Sino-Soviet relations rather than a result of intrinsically irreconcilable territorial claims.

39. Another set of factors of possible long-range significance concerns Peking's perception of the Soviet threat. The view that the Soviet Union is the principal military threat underlies much of China's current foreign

policy. The Soviets are seen as being in an aggressive, expansionist phase while the US is described as being in a state of decline. As the development and deployment of China's strategic weapons progress, China's concern with the immediate military threat should decline. Further, the mere passage of time without an actual attack should of itself be reassuring to the Chinese. As such perceptions change, a somewhat less antagonistic relationship with the Soviets may appear better suited to China's interests in the eyes of its leaders.

40. Evolutionary trends in the complex Sino-Soviet-American political triangle may also contribute to the amelioration of the Sino-Soviet relationship. Indeed, both Moscow and Peking may one day conclude that the US has gained excessive advantage from communist intramural conflicts. Moreover, in the case of Moscow, a desire for better relations with China might be encouraged by serious setbacks in US-Soviet relations—such as might flow from difficulties in arms negotiations, trouble in trade relations, or problems growing out of third-party conflicts (e.g., in the Middle East). As for Peking, an inclination to move closer to the Soviets might be encouraged by, say, certain developments in US relations with Taiwan or Japan.

41. Less dramatically, China and the USSR might just conclude independently that, in any case, they had gotten all they could out of détente with the West, that there was not much more mileage to be gained by competing with one another for Washington's favors. A shift of this type in China's attitude would be a logical outgrowth of increasing Chinese nuclear strength; as the deterrent grew, Chinese self-confidence would increase, and concessions to US positions would appear less necessary.

42. The main theoretical line in China's current foreign policy—opposition to "super-

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power hegemonism"—reflects Peking's nationalist and ideological reservations about leaning to one side and its long-run intention to undercut both Soviet and US influence. At present China's preoccupation with the Soviet threat predominates and dictates the need to lean towards the US. However, as China grows in strength and confidence, Peking's leaders may find it possible, even desirable, to oppose US and Soviet influence internationally on a more equal basis, while not necessarily sacrificing other productive aspects of its relations with the US.

43. In sum, it appears that the Sino-Soviet relationship, while it will continue to move through varying degrees of tension, is more likely to move toward lessened tension than toward war. In time, the cumulative cost of years of tension and military preparedness are likely to predispose the leaders in both Peking and Moscow toward less risky, more controlled forms of competition. The basic national antagonism is likely to remain as deep as ever, but rather than remain poised indefinitely on the brink of military confrontation, both parties are more likely to seek a new relationship in which the differences are muted, the virulent debates withdrawn from international forums, and third parties prevented from exploiting their conflict. Peking and Moscow have had many years to assess the potent risk of their rivalry. After Mao, both parties will probably seek to cut the costs and reduce the risks by moving the competition into safer realms.

44. A move beyond limited accommodations to a genuine and durable rapprochement—one in which there is a renewal of broad collaboration and perhaps reinstatement of the alliance—seems out of the question in the near term and highly unlikely in this decade. This is so not only because of all the factors which argue for continued contention, but because any major amelioration of the

contest (with its attendant implications of threat for the non-communist world) would jeopardize each side's policies and investments in the West.

45. A fundamental change from the present relationship would be likely only if there were a dramatic turnover in leadership in Moscow or Peking (which is highly unlikely), or if either party or both came to see new and significant threats from the non-communist world. It is difficult at this time to conceive of a threat of such proportions as to cause the communist adversaries to set aside their differences. Presumably, it would have to involve a threatening move by the US and some of its allies or the emergence of a militarized and aggressive Japan. The US action would have to be seen in Moscow and Peking, as distinctly warlike; the souring of the present détente would not likely serve as sufficient motivation.

IV. WORLD IMPLICATIONS OF POSSIBLE CHANGES IN SINO-SOVIET RELATIONSHIP

War

46. War between the USSR and China would, of course, have global repercussions. Assuming the Soviets were the aggressor, initial world reaction would be one of awe at Soviet boldness and ruthlessness, and fear that a process had been set in train which might soon result in severe instability and disruption throughout Europe, the Middle East, and Asia—if not in time in a third World War. The attention of the nations, individually and in concert, would be focused on limiting the arena of conflict and, ultimately, discouraging any Soviet effort to pursue maximum goals vis-à-vis China.

47. In the case of a Soviet disarming nuclear strike, it would be impossible to restore anything resembling the *status quo ante*, hence

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difficult to foresee any willingness on the Chinese side to set aside their outrage and discuss a settlement. Thus, there would be the prospect that military action at some level would continue following the initial nuclear strike.

48. Virtually every nation would look to the US as the only possible leader in any effort to restrain the Russians, mollify the Chinese, and halt the shooting war. While China would have the sympathy of much of the world, there would be little sentiment favoring US military intervention on Peking's behalf. But neither would a posture of rigorous neutrality on the part of the US meet approval. Rather, the US would be expected to take a firm line against the aggressor, provide reassurance to other nations against possible Soviet intimidation, and take the lead in mobilizing world efforts to contain and end the conflict. Few nations outside of NATO would care to join the US in assuming a conspicuous posture in opposition to Soviet ambitions; communist leaders in Eastern Europe and East Asia would be especially reticent.

49. If Washington were successful in a peace effort, much goodwill and respect would accrue to the US. On the other hand, even if it ended quickly, the Sino-Soviet conflict would initiate a period of generalized fear and disruption, clearly reversing the present trend toward détente among the powers and pre-occupation with economic growth and social change among the smaller nations. The arms race would be given impetus all along the Sino-Soviet periphery. Japan, India, and Israel, among others, would think more seriously about achieving nuclear deterrent capabilities. US allies in East Asia and Western Europe would expend more funds on weaponry and draw closer to established alliances with the US. The US would come under heavy pressure from friends and allies to expand its own military programs.

Rapprochement

50. Global reaction to the hypothesized Sino-Soviet reconciliation would be heavily contingent on its cause. If reconciliation were to come about as a communist response to US policies or actions (initiated perhaps in collaboration with the Japanese) which appeared to menace Russian and Chinese interests, the new Sino-Soviet unity would probably be seen as essentially defensive and probably of limited durability (i.e., subject to rapid erosion once the presumed US threat had receded). But, in the interim, most world leaders would focus on peacekeeping efforts and would try to avoid giving offense to either side, especially if events seemed to be heading toward a dangerous great-power confrontation.

51. If the reconciliation had emerged, independently of actions by other powers—i.e., mainly as a consequence of arrangements between Moscow and Peking—world concerns would have a different focus. The geopolitical reality of a unified communist bloc, dominating the Eurasian landmass and far stronger than before, would be intimidating—even if accompanied by bloc protestations of peaceful and beneficent intent.

52. The world would probably return to a form of bipolarity. The US would be viewed as the only possible leader of a reconstituted military and political counterweight to communist power, though Western Europe and Japan, far stronger than 20 years ago, would be much more important components of any rebuilt security structure. While a few Third World countries might seek security from anticipated Sino-Soviet pressures in affirmations of neutrality, many more would move closer to the US and seek its protection. There would be deep concern, especially in Asia and the Middle East, that the US might not be as responsive to the security needs of small

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and remote states as it was during the cold war.

53. But whether the world would then turn back into a period of tensions and troubles reminiscent of the cold war at its worst would depend not only on the power and purpose of the renascent communist alliance but also on its needs. Certainly some of the Soviet and Chinese leaders, no longer constrained by their own rivalries, would be drawn initially toward harsh and expansionist foreign policies. They would wish to use the fact of their renewed collaboration—and the image of augmented communist strength—to extort concessions from other powers, especially those on the bloc's periphery. But there would be some sobering second thoughts in both capitals. The actual *strategic* balance between the two opposing sides, East and West, would not necessarily be altered appreciably by the joining of Soviet and Chinese forces in a new alliance. This would depend essentially on when the joining took place—it will be some years before the Chinese can deploy an intercontinental force in any great strength—and what the level of opposing Western forces happens to be at that time. Moreover, some of the imperatives which have brought both Moscow and Peking into postures of détente—notably the requirement for high-quality imports from the West—would survive even complete Sino-Soviet reconciliation. Finally, even in the best of circumstances, Sino-Soviet reconciliation would not (could not) erase mutual distrust or eliminate the legitimate fear in both capitals that the new confederacy was perhaps destined to be short-lived.

Limited Improvement in Relations

54. A limited improvement in Sino-Soviet relations, of itself, would not imply a concurrent unwillingness to do business with the West. Particularly in the economic sphere,

Moscow and Peking would remain interested in a continuing interchange of trade and technology with the US, Western Europe, and Japan. In a situation in which the two communist powers were giving less priority to scoring points against the other, it might be possible to conduct debates and negotiations on certain international issues without the disruptive effects of Sino-Soviet polemics.

55. There would be adverse effects. The US might find the Chinese, even if not anxious to reverse courses of action already undertaken, less eager to improve the relationship and less prone to accept the maintenance of the US military presence in the Far East. It might also find the Soviets, reassured about their Chinese flank, more willing to compete with the US and less concerned about détente in Europe—feeling freer, perhaps, to raise their price or perhaps to jettison this policy altogether if it were not producing the desired gains.

56. Other powers might find some of the underlying assumptions of their policies subject to erosion as well. Japan would find its room for maneuver between the USSR and China much more limited, and its activities in South Korea, Taiwan, and Southeast Asia opposed by both countries. India and Pakistan would face reduced support from their respective communist patrons. Hanoi and Pyongyang would find it more difficult to play Moscow and Peking off against one another. In short, the premises behind the present alignment of major powers might have to be revised. Indeed, the most significant result of any important reduction of the Sino-Soviet gap might be the apprehensions generated internationally that something approaching full-scale Sino-Soviet rapprochement was in the wind. Such concerns would stimulate interest in regenerating alliances with the US and could, in certain circumstances, increase resistance to further détente efforts among Western leaders.

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SECTION 37

NIE 13-8-74

China's Strategic Attack Programs

13 June 1974

APPROVED FOR RELEASE
DATE: MAY 2004

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NATIONAL INTELLIGENCE ESTIMATE

China's Strategic Attack Programs

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NIE 13-8-74

13 June 1974

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CHINA'S STRATEGIC ATTACK PROGRAMS

KEY JUDGMENTS

China's programs to develop and deploy nuclear weapons have slowed since 1971, probably reflecting

- a shifting of national economic priorities to emphasize agriculture and basic industry coinciding with diminished influence of the military in policy circles since the fall of Lin Biao
- a changed perception of the strategic environment resulting from some combination of: a) China's acquisition of a modest but credible nuclear retaliatory capability against the USSR, b) improved relations with the US, and c) perceived constraints on the USSR due to Soviet detente with the US.

China now has a force of about 130 nuclear delivery vehicles—half missiles and half bombers. Its stockpile of nuclear weapons is probably sufficient for all the missiles, though perhaps not for all the bombers. These systems have the range to hit US forces and bases in Asia as well as targets in the eastern USSR but cannot attack the continental US. China's force suffers from a number of vulnerabilities, but has achieved a measure of survivability through concealment, mobility, and hardening.

China's present objective probably is to obtain a token nuclear capability to strike the USSR west of the Urals and the continental US.

- It will gain a token capability to strike European Russia when its limited-range ICBM becomes operational, possibly late this year or, more likely, in 1975.

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— It is developing two missile systems that could strike the continental US: a) a full-range ICBM that will not be operational before 1977, and, given the present pace of development, probably not until 1979 or later; b) a submarine-launched ballistic missile system that will not be operational before 1978 at the earliest, and probably will be later.¹

Over the longer term, Peking almost certainly will seek to deploy a stronger deterrent force against the US and the USSR. It is also reasonable to expect China to strengthen its regional deterrent and to increase its options for responding to limited nuclear attack.

Assuming a continuation of present trends, which appears likely, China by 1980 may have some 120 missiles and well over 100 bombers for delivery of nuclear weapons against peripheral targets, including those in the USSR, and a few, say six, ICBMs and one or two nuclear missile submarines for use against the US as well as the USSR. Such a force would confer on China a somewhat improved capability to deter nuclear attack by the USSR and, for the first time, an ability to strike the continental US.

In the less likely event that China makes accelerated progress, it might have some 30 ICBMs and four nuclear missile submarines by 1980. Such a force would significantly improve China's deterrent posture against both the US and USSR.²

¹ For the position of the Director of Naval Intelligence see the footnote on page 6.

² For the position of the Director, Defense Intelligence Agency see the footnote on page 7.

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SUMMARY

China's nuclear weapon programs have slowed markedly since 1971. It now seems likely that China will only moderately improve its regional nuclear strike capability over the next few years and probably will not deploy full-range ICBMs or a ballistic missile submarine before the late 1970s.

Force Development Policy. The general nature of the slowdown suggests the influence of national-level policy decisions, and not solely technical problems with individual programs. Beginning in 1971, and roughly coinciding with the purge of Lin Biao and the subsequent reduction of the role and influence of the military in the government, China's national economic priorities began shifting to agriculture and basic industry and away from military procurement. China's present leadership may believe that devoting a greater share of resources to basic industry and perhaps to research and development would contribute more to China's national power over the long run than pouring large resources into the production of obsolescent aircraft and first-generation missiles.

Certain programs which could yield significant improvements in China's strategic capabilities several years hence are still moving ahead, although for the most part slowly—for example, the programs to develop solid-propellant missiles and a ballistic missile submarine and the construction of facilities for the production of nuclear materials and for R&D work on airframes and aircraft engines. On the other hand, programs which could yield quick but limited improvements in China's nuclear weapons posture are languishing—the programs for the limited-range (3,000-3,500 nm) CSS-X-3 ICBM and the TU-16 bomber, for example.

The decisions to move ahead more slowly with programs for nuclear forces probably reflect a change in the Chinese perception of the strategic environment, resulting from some combination of: (a) China's acquisition of a modest but credible nuclear retaliatory capability against the USSR, (b) improved relations with the US, and (c) perceived constraints on the USSR due to Soviet detente with the US.

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Present Forces. China's nuclear strike force has grown slightly over the past two to three years but its composition remains unchanged. Then and now the Chinese have a capability for nuclear strikes by missiles and bombers all around the periphery of China at distances up to 1,650 nm. While most of this capability has a strategic orientation, some of it is intended for a theater support role within China's borders. At the present time, the Chinese are estimated to have operational:

—

China's present stockpile of nuclear weapons is probably sufficient for all its operational missiles, though perhaps for only a portion of the bombers.

Presently deployed Chinese missiles have a capability to strike all US bases and allies on the periphery of China, and most of them can strike Soviet targets east of the Urals. The TU-16s can reach somewhat beyond the same areas, though their capabilities to penetrate to heavily defended Soviet targets are limited. The IL-28s could attack Soviet targets close to the border, and could also reach Korea and Taiwan and, with staging from points close to the border, northern Luzon in the Philippines and nearly half of South Vietnam.

Survivability. The Chinese have attempted to achieve survivability of their nuclear deterrent through a combination of concealment, mobility, and hardening. Missile units are deployed either in a semimobile mode, moving from garrisons to temporarily occupied, inconspicuous field sites, or at fixed soft sites with tunnels to protect missiles and essential equipment but with unprotected launch pads. Camouflage and other means are used extensively to conceal the locations of these launch areas. There are indications that some further deployment of the CSS-2 IRBM may be in the semimobile mode. Provisions for the survivability of Chinese bombers are not as extensive as those for the missile force.

- about 60 TU-16 jet medium bombers, capable of delivering nuclear bombs, with an operating radius of 1,650 nm and deployed at four airfields.
- possibly a few nuclear-armed IL-28 jet light bombers, with an operating radius of 570 nm.

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Chinese View of Their Deterrent. The Chinese probably believe that they have acquired a modest but nonetheless credible nuclear retaliatory capability against the USSR. At the same time, it is clear that they realize that their force remains vulnerable in important respects.

- They are working on a phased-array radar northwest of Peking, but presently have no effective means of detecting the approach of hostile ballistic missiles.
- Redundant, hardened strategic communications for the missile force are under construction, but are not complete as a nationwide system.
- Reaction time for present missile forces is several hours. The Chinese may be looking to future systems to give them faster reaction time.

China must also be aware that its present ability to deter nuclear attack through the threat of nuclear retaliation would be marginal if the stakes were high.

- In the case of the Soviet Union, it depends on Soviet fears for the security of some few cities in Siberia and the Soviet Far East, and perhaps on Soviet uncertainty about IRBM deployment in western China which might be within range of some cities in the Urals.

- In the case of the US, it rests on US fears for the security of a few US bases and cities of allies in the Far East.

Chinese Goals. The scale and variety of the nuclear and missile development and production facilities that China has established indicate that Peking's ultimate objective is to build a strategic nuclear capability befitting a major power. There is no reason to believe, however, that Peking aspires to match the capabilities of US and Soviet nuclear forces. When considered in relation to US and Soviet programs, Chinese strategic programs represent a small effort. The pace of the Chinese effort, moreover, is slow and deliberate, and programs are undertaken with an economy of means, reflecting limited Chinese resources.

China's present objective probably is to obtain a token nuclear capability to strike the USSR west of the Urals and the continental US. Over the longer term, Peking almost certainly will seek to build a force of nuclear delivery vehicles that will be a stronger deterrent to nuclear attack by either the US or the USSR. It is also reasonable to expect that China will attempt to improve and somewhat expand its regional and theater nuclear capability, both to strengthen its regional deterrent and to increase its options for responding to limited nuclear attack.

Prospects for Major Systems. The Chinese may acquire a limited capability to strike Soviet targets west of the Urals, possibly starting in late 1974 but more likely in 1975. By then, they may have completed two of the three silos in the field now being built for the CSS-X-3. An initial operational capability (IOC) for the CCS-X-3 in late 1974 or 1975 would also require either an early resumption of flight testing or that the Chinese be satis-

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fied with the very limited flight test program accomplished before 1971. While the missile could possibly reach Moscow

it could not reach US targets except for a portion of Alaska and several US bases in the mid-Pacific, including Guam. There is no evidence of preparations for further CSS-X-3 deployment.

The Chinese have no capability to attack the continental US directly and are unlikely to attain one for several years. The full-range (7,000 nm) CSS-X-4 ICBM now under development could not be operational until 1977 at the earliest

In their most recent test of the CSS-X-4, the Chinese attempted to use it to orbit a satellite, which could mean that the current priority of the CSS-X-4 program is its application as a large space booster.

The other system under development by China that could directly threaten the continental US is the ballistic missile submarine. Construction of one or more such units is probably under way, and the lead hull might be launched this year or next. The missile for the system probably will be a two-stage solid-propellant SLBM, comparable in size to the early US Polaris and probably capable of delivering a nuclear warhead to a range of some 1,500 to 2,000 nm. Flight testing of such a missile has not yet begun, and probably will take at least three years. Therefore, even if test firings begin soon, the missile is unlikely to be ready for system integration with the first operational SSBN before mid-1977. Allowing for a minimum of six months for full integration of the system, the earliest IOC date would be 1978. But in view of China's lack of experience in the flight testing of

solid-propellant systems, IOC might be considerably later.²

Prospects for Future Forces. Under alternative assumptions, Chinese prospects are assessed as follows:

— If the Chinese show little more urgency and no greater rate of development and deployment progress over the next several years than in the past few years, they may have by 1980 some 120 missiles and well over 100 bombers for use against peripheral targets, including those in the USSR, but only a few, say 6, ICBMs and one or two SSBNs capable of attacking the US.

— If the Chinese make accelerated progress in the development of intercontinental systems and second-generation regional systems, and shift resources to hasten their deployment, by 1980 they might have a regional force of about the same size as above, but qualitatively improved, and some 30 ICBMs and about four SSBNs capable of attacking the US.

The first projection is a better reflection of Chinese performance to date and we have no present basis for predicting any marked improvement. It would mean that by 1980 China would have somewhat improved its capability

²The Director of Naval Intelligence, Department of the Navy, believes that China's submarine-launched ballistic missile program appears to have made significant progress during the past year. Testing of an ejection or launch-assist device installed in the F4C G-class submarine apparently has been conducted. Some land-based testing of a SLBM could have occurred

If submarine firings begin soon and proceed smoothly and the SSBN is launched this year as expected, the SLBM/SSBN system could reach IOC in late 1978. A more likely IOC would be by mid-1977.

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7

to deter nuclear attack by the USSR by virtue of:

- an enlarged and improved regional strike force;
- an emergency strike capability against targets in the Far East by one or two relatively invulnerable SSBNs;
- a token and vulnerable capability to strike targets in European Russia with a handful of ICBMs in silos.

The intercontinental strike element of this force would have conferred on China for the first time the ability to strike the continental US. This would have considerable political and psychological value. But the ICBM force would be small and vulnerable and only the SLBMs would represent a survivable retaliatory force, and then only for short periods.

In the less likely event that China makes accelerated progress in the development of intercontinental systems and second-generation

regional missile systems, the Chinese by 1980 could have a significant capability to deter nuclear attack by the USSR—a capability that the Chinese could feel fairly confident would deter Soviet nuclear attack unless the stakes were very high. This improved deterrent posture would be based principally on China's expanded ICBM force—some 30 ICBMs in silos, a force probably large enough for assured retaliation against large populated areas in European Russia.

This number of ICBMs would also improve China's deterrent position versus the US. Moreover, with four nuclear submarines, during periods of tension China might be able to keep one or two nuclear missile submarines on patrol in the North Pacific from where they could strike targets in the US.⁴

⁴The Director, Defense Intelligence Agency, believes that a third case, reflecting a lesser effort, should also be included. A third force mix would concentrate on a more limited force, and intercontinental ballistic missile systems would be sacrificed at the expense of expanding other budgetary sectors.

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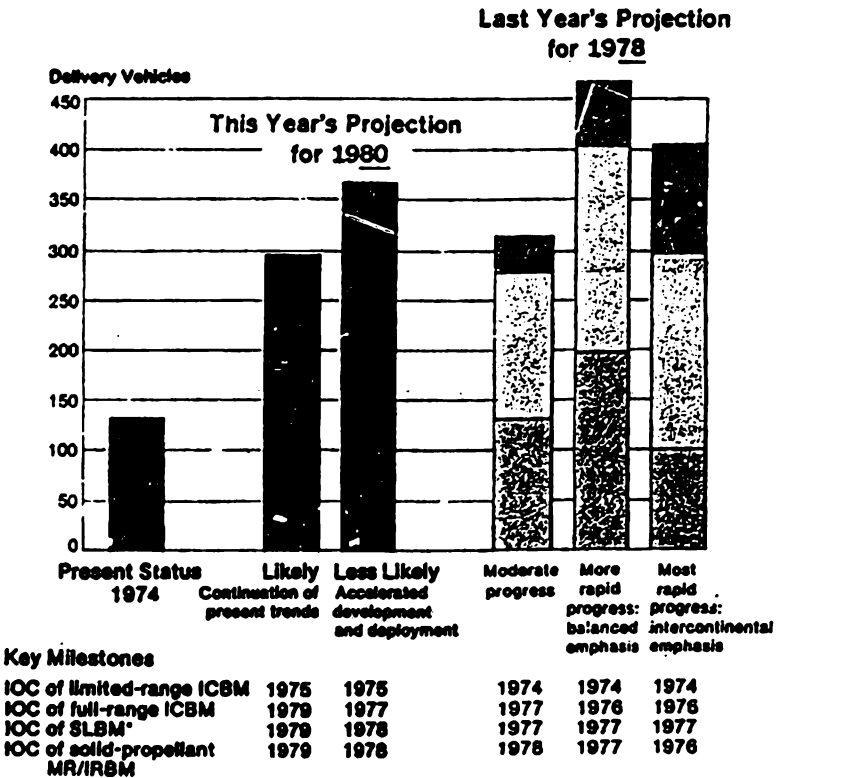
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Projections of China's Strategic Nuclear Delivery Force
(NIE 13-8-74 compared with NIE 13-8-73)



- Missiles capable of reaching US: full-range ICBMs and SLBMs
 - Missiles capable of reaching only Asian and Soviet targets, including limited-range ICBMs
 - Bombers capable of reaching only Asian and Soviet targets: TU-16's and nuclear-equipped IL-28's
- NOTE: All bars represent high sides of ranges of uncertainty under the stated conditions.

* For the position of the Director of Naval Intelligence see footnote on page 6.

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I. NUCLEAR FORCE DEVELOPMENT POLICY

1. China's plans to create a nuclear force, as evidenced by analysis of its development and deployment programs, have passed through several stages. Hindsight suggests that a decision was made at an early date to concentrate initially on developing and deploying as quickly as possible a missile force with a capability against peripheral targets that would constitute the beginnings of a deterrent against attack by the US and its allies, or any potential adversary. The development effort was based mostly on the aid provided by the USSR before the Sino-Soviet split in 1960. Given the incomplete status of this assistance program and the rudimentary nature of China's technical and industrial base at the time, this was an ambitious undertaking. Nonetheless, it appears to have succeeded. There is good evidence now that a limited number of nuclear-equipped CSS-1 MRBMs and some Soviet SS-2-type short-range ballistic missiles (SRBMs) were deployed by the end of 1966.

2. By the mid-1960s the Chinese had begun to prepare for the next phase of their plan for nuclear forces. This phase coincided with a sharp rise in Sino-Soviet tension and with a period when China's military establishment was in political ascendancy. The objective during this period, apparently, was to expand China's minimal regional deterrent and to achieve a measure of strategic deterrence against both the US and the Soviet Union. Starting in the mid-1960s, the Chinese considerably expanded their R&D and production facilities. The effort progressed throughout the second half of the 1960s despite the serious turmoil created by the Cultural Revolution, suggesting that it had high priority and some degree of immunity from the political situa-

tion. By the early 1970s, CSS-1 deployment had been expanded, the CSS-2 ICBM had been developed and initially deployed, testing of the technically similar and longer range CSS-X-3 (which could reach west of the Urals) had started, and the first two Chinese earth satellites had been successfully orbited. Flight testing of a large full-range ICBM, the CSS-X-4, also began in this time period, and the foundations were laid for a major solid-propellant program, including the development of an SLBM.

3. The pattern of China's progress toward an intercontinental nuclear strike capability and an enhanced regional deterrent force began to change in a marked way in 1971.

— After November 1971, there were no further test launches of the CSS-X-3 ICBM,

Work on three operational sites for the CSS-X-3, begun in 1969 and 1970, continued at a slow pace. So far as we know, no others were started.

— After a successful test in September 1971, the CSS-X-4 full-range ICBM was test-launched once in 1972 and twice in 1973,

— After 1971, no additional fixed launch sites for the CSS-2 were started, although work continued at fixed sites already under construction.

— China's program to develop an SLBM continued to make steady, gradual progress but the program has moved more

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slowly than expected and flight testing of an SLBM still has not occurred.

- China's production of the TU-16 strategic bomber began to decline from the rate of about two aircraft per month in 1971 to one per month in 1972 and then was suspended in 1973.
- Production of IL-28 light bombers began to decline from a high of about five per month in 1971 to a current rate of two per month.

4. A year ago it seemed possible that the slow progress in some programs was a phase and that after a time all or most programs would move forward rapidly. This has not occurred and it is now clear that the strength levels projected for China's strategic forces in NIE 13-8-73 will not be achieved. That Estimate indicated that by mid-1978, assuming moderate progress, China might have some 140 missiles and an equal number of TU-16 bombers for use against peripheral targets, including those in the USSR, as well as some 15 ICBMs and one or two SSBNs for use against the US.⁸ It now appears that by mid-1978, the Chinese capability is likely to fall short of even this moderate improvement in their forces.

5. Although technical or programmatic reasons can be adduced in all cases to explain each program's termination or limited progress, the overall pattern suggests the influence of more general, national-level economic and strategic factors. And indeed, there is evidence from China's economic policy debates and from developments in nonstrategic military programs that 1971 was a turning point for the country's overall defense weapons policy.

⁸ NIE 13-8-73, China's Strategic Attack Programs, dated 7 June 1973, TOP SECRET

6. It is clear that in 1971, roughly coinciding with the purge of Defense Minister Lin Biao and a number of his military associates on the Politburo, national economic priorities were shifted to give more priority to agriculture and basic industry, apparently to some extent at the expense of military procurement. During 1971 there was a debate over the allocation of resources between the steel and electronics industries which was probably partly related to defense issues. After the fall of Defense Minister Lin Biao, a national economic planning conference was held in late 1971 and early 1972 to review the shortcomings of past policies. Little is known of any decisions made at the conference, but a long-range policy emphasizing the primacy of agriculture and the need for industry to support agriculture has been in effect since.

7. In 1972 and 1973, industrial production continued to expand at about 8 percent per year and certain sectors—petroleum, fertilizer, steel, and transportation—grew at even higher rates. During this same period, several military programs, in addition to those strategic programs already noted, slowed perceptibly. Examples are military aircraft production and destroyer construction. Not all programs slowed and indeed we have noted increases in conventional submarine and tank production. In some cases technical as opposed to policy decisions may explain the decrease in activity. Nevertheless, it seems clear that a number of important military programs slowed at a time when the other sectors in Chinese industry were expanding—a trend which implies that priorities had shifted.

8. A policy review in late 1972 led to China's purchase during 1973 of 1.2 billion dollars' worth of whole industrial plants from the West, the first such massive imports since the cessation of Soviet aid. These plant imports

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appear to supplement rather than replace ongoing domestic investment programs. There has also been some increase in weapons-related imports but not on the same scale. Thus, developments of the past year in China's import policy reinforces the impression that a relative shift in resources and emphasis from military to civilian industries has occurred since late 1971. Nevertheless, it is not possible to determine whether there has been any shift of priorities or resources within the military between general purpose forces and strategic forces.

9. Within the strategic weapons category, developments during the past year seem to indicate that certain programs which could yield significant improvements in China's strategic capabilities several years hence are moving ahead, although for the most part slowly. For example, the construction of facilities for the production of nuclear materials and for research and development of airframes and aircraft engines is proceeding steadily, and work continues on programs to develop solid-propellant missiles and a ballistic missile submarine. On the other hand, programs which could yield quick but relatively limited improvements in China's nuclear weapons posture seem to be languishing. These include initial operational deployment of the CSS-X-3 system, and the TU-16 production program.

10. China's failure to move forward briskly with aircraft production and missile deployment programs could be due just as much to strategic considerations as to technical and economic ones. The current leadership may believe that devoting a greater share of resources to basic industry and perhaps to research and development would contribute more to China's national power than pouring

large resources into the production of obsolescent aircraft and first-generation missiles. The Chinese may have judged that while they could moderately improve the capabilities of their regional nuclear forces, they had no hope, in the near term, of deploying nuclear delivery systems in modes and numbers sufficient to establish a credible retaliatory capability against European Russia. They may believe that future systems offer a better prospect of bolstering their capabilities against the USSR. Improved relations with the US may have reinforced China's technical and economic reasons for not moving rapidly to deploy intercontinental missile systems. Moreover, the PRC leadership may have come to believe that the retaliatory capability they had already achieved against targets in Siberia and Central Asia together with US-USSR detente had decreased the USSR's option for an outright attack on China.

II. THE STATUS AND DIRECTION OF FORCES AND PROGRAMS

The SRBM Force

11. During the past year, for the first time since 1965, an SRBM unit was observed deployed at a field launch site. The unit was observed at Mu-chia-yen in north-central China, a location enabling it to cover potential routes within China by an invader moving through Sinkiang or from Mongolia. (See Figure 1.) Although SRBM equipment had been observed at a few missile-related installations in China since 1962, their locations appeared inappropriate for operational deployment of the system. The more recent evidence suggests that the Chinese have had a few SRBMs operationally deployed since the early 1960s.

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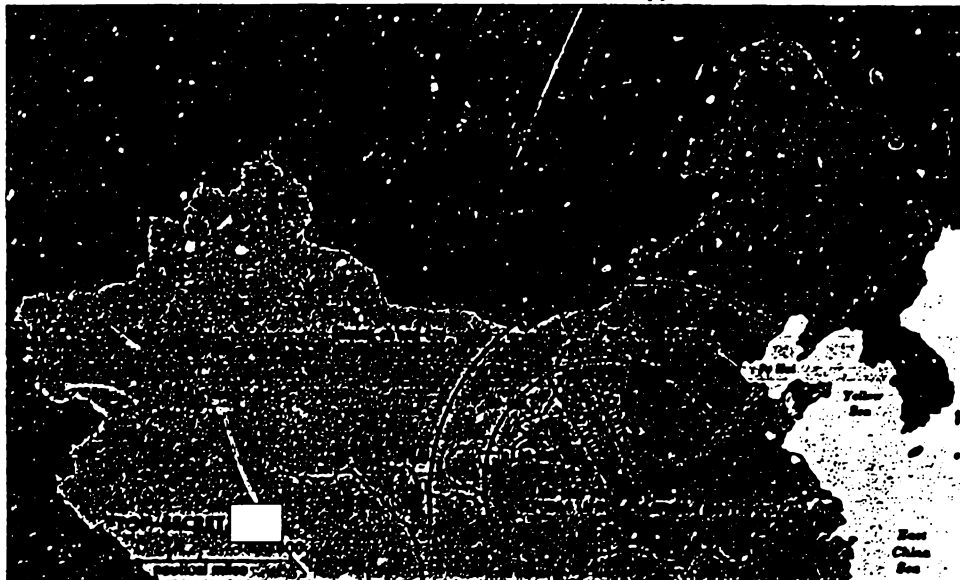
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Figure 1

Chinese Missile Units with a Theater Support Role



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Estimated Characteristics and Performance of the Short-Range Ballistic Missile

IOC*	1902 (high-explosive warhead) 1909 (nuclear warhead)
Configuration	Single stage
Propellants	Cryogenic

12. We do not know how many SRIMs units are deployed—perhaps only a few.

It is unlikely that any new SRBM units were formed after later generation missiles became available and, since there is no evidence that the system is still in production, additional deployment is unlikely. The total force probably does not exceed 10 launchers.

- Initial Operational Capability

* All estimated ranges in this Estimate are expressed in terms of a non-rotating earth (NAE).

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The CSS-1 Force

13. Although it is an obsolescent and cumbersome missile system with slow reaction times, the CSS-1 appears likely to remain in China's inventory for several more years at least. Two launches were conducted recently from the Sheang-ch'eng-tzu Missile Test Range, the first since December 1971. Their purpose probably was to test operational crew proficiency and missile system reliability. Production of the CSS-1 may have ended in 1970. The deployed force—now some 20-30 launchers—probably has not increased since 1972 at the latest.

Estimated Characteristics and Performance of the CSS-1 Medium-Range Ballistic Missile*

IOC	1966
Configuration	Single stage
Length	
Diameter	
Propellants	Cryogenic, probably liquid oxygen and alcohol

14. There is some evidence that part of the CSS-1 force is being relocated for use primarily in a theater support role.⁷

The CSS-2 Force

15. During the past year, deployment of China's CSS-2 IRBM system continued at a measured, deliberate rate. Some 30-35 launchers are estimated to be operational now. About five launchers are known to have been

Estimated Characteristics and Performance of the CSS-2 Intermediate-Range Ballistic Missile

IOC	1971
Configuration	Single stage
Length	
Diameter	
Propellants	solid rocket

*The CSS-2 has never been test-fired to a range of more than about 1,350 nm, equivalent to some 1,400 nm NRE. Although this falls short of true IRBM range—1,500 to 3,000 nm—the uncertainties about the CSS-2's characteristics leave open the possibility that it could fly to at least 1,500 nm, so it is considered an IRBM.

⁷That is, for employment against relatively fixed targets supporting the operations of enemy forces, such as troop concentrations, staging areas, and invasion routes. Such use is distinguished from tactical use in support of ground forces which are in direct contact with an enemy.

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brought to operational status during the past year—about average for the program.

same period.

16. The present slow rate of deployment suggests that the Chinese do not intend to increase the size of the CSS-2 IRBM force significantly. Some further expansion of the force may occur if the Chinese replace the CSS-1 system with the CSS-2 at some established sites and institute some semimobile deployment of the system. There is a growing body of evidence that China is exploring semimobile deployment of the CSS-2 and, in fact, may already have begun deployment in this mode.

Estimated Characteristics and Performance of the CSS-X-3 Intercontinental Ballistic Missile

Configuration	Two stages
Length	
Diameter	
Propellants	Storable liquid

The CSS-X-3 Program

17. The CSS-X-3 regional ICBM program continues to be a major enigma in China's strategic weapons effort. The system has not been flight-tested in over 2½ years,

Furthermore, there is no evidence that any CSS-X-3 silos are being built. It appears, therefore, that while the Chinese have not abandoned the program, they plan to deploy the system in only token numbers.

18. The CSS-X-3 flight test program includes only two firings of the vehicle in a missile role, both from the Ching-yu rangehead to a range of some 2,000 nm.

With a small third stage, the vehicle was also used to launch China's two successful satellites during the

19. When the CSS-X-3 reaches IOC in late 1974 or, more likely, the first half of 1975, as estimated, the Chinese will have a token capability to cover targets in the European USSR, possibly including Moscow. They may consider the creation of such a capability sufficient justification for deploying a largely untested missile. The reasons behind the decision to truncate the program are unknown, but probably include political and strategic considerations as well as the costs of deploying enough CSS-X-3s to form a credible threat to the European USSR.

The CSS-X-4 Program

20. China's first true ICBM-class system, the CSS-X-4, continued to run into technical problems during the past year. Of the four launches of the system made to date, only the first one—in September 1971—appears to have been completely successful.

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After an interval, on-pad exercises with a CSS-X-4 missile began in mid-January 1974 and are still continuing. (See Figure 3). The activity may involve only checkout of the launch facility or training. A launching—either one in-country or another attempt to launch a satellite—could be scheduled to occur sometime in the next few months.

Estimated Characteristics and Performance of the CSS-X-4 Intercontinental Ballistic Missile

Configuration	Two stages
Length	
Diameter	
Propellants	Storable liquid

21. It is still much too early to reach confident conclusions as to when the CSS-X-4 might reach IOC as a weapon delivery system. Continuation of work on large R&D launch silos for the system at the Wu-chai rangehead during the past year indicates that the Chinese retain their interest in using the CSS-X-4 as a weapon system. (See Figure 4.) One of these silos, started in 1968, could finally be ready to support flight testing of the CSS-X-4 by the end of this year. Construction of a second silo there, started in mid-1971, is also proceeding slowly. There is, however, no evidence of the construction of operational silos for the CSS-X-4 in the field.

if construction of operational silos is started soon, the system probably could attain IOC sometime in 1977 at the earliest. If the difficulties take longer to correct, or new ones appear, IOC will be even later, say in 1979.

22. Given the history of the program to date, it seems unlikely that the program will move smoothly and uninterruptedly toward an early IOC. It is even possible that there will be no deployment of the CSS-X-4 in the period of this Estimate. The fact that the Chinese attempted to use the system to orbit a satellite could mean that the current priority to the CSS-X-4 program is its application as a large space booster. Launches of the system in a space role obviously will also provide much valuable data on its potential performance as an ICBM. Such an interim objective would be compatible with the slowness in the R&D silo construction at Wu-chai—nearly six years in duration—and the apparent absence thus far of construction of operational silos in the field.

23. There are a number of priority space applications which probably need the payload launch capability of a vehicle as large as the CSS-X-4. These include a photoreconnaissance satellite for collecting strategic targeting data and other intelligence, and a communications satellite for both military and civilian use. There is substantial evidence pointing to Chinese interest and activities in these and other types of satellite payloads. This evidence includes statements by Chinese scientists at international meetings, the construction over the last several years of a significant space-tracking network in China, and construction of some 20 probable ground stations for a domestic communications satellite program.

The Development and Production of Missile Systems

24. China has made a substantial investment over the past 15 years in developmental testing and production facilities for both liquid- and solid-propellant missile systems.

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Construction continued to be observed at several of these sites over the past year. In terms of the total number and variety of such facilities now available, the Chinese have the production and testing capacity for supporting a ballistic missile and space effort far larger than the one which is apparent. (See Figure 5.)

25. Current operational Chinese ballistic missile systems all use liquid propellants, and a major investment has been made in the facilities needed to develop and produce such systems. These facilities were initially concentrated in the Peking area. In the mid-to-late 1960s, however, a large production complex was built near Feng-chou in east-central China. A large developmental facility for propulsion systems was started in about 1970 near

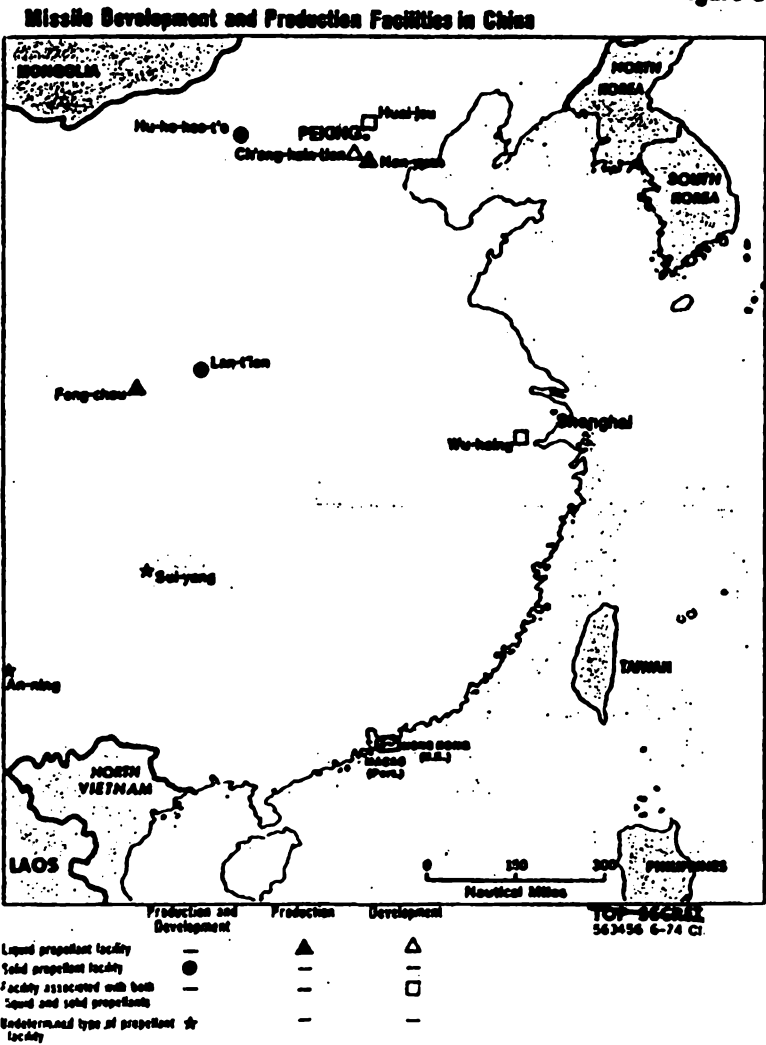
Wu-hsing southwest of Shanghai. The Wu-hsing installation now is nearing completion and appears to be designed to develop and perform static tests of both liquid- and solid-propellant systems. At least two possible propulsion test facilities have been discovered recently near An-ning and Sui-yang.

26. Although the Chinese have not yet flight-tested a solid-propellant ballistic missile, their continuing investment in facilities capable of developing and producing solid-propellant rocket motors of various sizes up through strategic class has considerable significance for the future. The first such complex, at Huo-hao-t'e, Inner Mongolia, was started in the mid-1960s and further expanded several years ago. Despite the substantial capacity of this installation, the Chinese started to build an-

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other comparable large solid-propellant complex near Lan-t'ien in east-central China in the late 1960s. The overall appearance of this facility, particularly the identification there of three and possibly four static test stands, now indicates that, like Hu-ho-hao-t'e, it too is designed to develop and produce several different types of rocket motors, including at least some in the strategic class.

27. Static firing of several types of strategic-size rocket motors has been under way at Hu-ho-hao-t'e since the late 1960s. The rate of static testing appears slow and there is as yet no evidence that any solid-propellant missiles have been flight-tested. This slow progress may reflect a fairly long developmental timetable, at least by US standards. The Chinese may also have run into technical problems along the way. In any case, the Chinese have been working sufficiently long at Hu-ho-hao-t'e on large rocket motors to suggest that flight testing of a solid-propellant SLBM, as well as similar systems for use in the land-based missile program, could begin in the near future.

The Submarine-Launched Ballistic Missile Program¹

The Missile

28. China's submarine-launched ballistic missile program made progress during the past year. Although flight testing of the missile has not yet begun, testing of a missile ejection or launch-assist device installed in China's C-class test-platform submarine probably has occurred since October 1973 in the Lu-shun area.

¹ For the position of the Director of Naval Intelligence, see the footnote on page 6.

30. On the basis of this evidence it is estimated that the first-generation Chinese SLBM will be a two-stage, solid-propellant system comparable in size to the early US Polaris and the French M-1 missiles.

The Chinese SLBM almost certainly will have only a soft target capability.

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Estimated Performance and Characteristics of
the Chinese Submarine-Launched Ballistic Missile

Configuration	Two stage
Length	
Diameter	
Propellants	Solid

The Submarine

31. The Chinese probably intend to install their SLBM in a submarine with nuclear propulsion. China has designed and built at Hu-lu-tao a modern attack submarine, the Han class, which is probably nuclear powered. Its appearance in 1971 showed the Chinese have developed techniques for designing and building modern submarine hulls suitable for nuclear propulsion. There still is uncertainty, however, about China's success in developing a reliable nuclear propulsion system suitable for an SSBN. The Han apparently had propulsion difficulties which caused it to be returned to the shipyard for more than a year. If indeed it is nuclear powered, trouble-free operations over a longer period are needed to indicate a successful system.

32. China has adequate facilities for the assembly of SSBNs. There are at least five and possibly 11 building positions suitable for the assembly of large-diameter hulls in the construction hall at the Hu-lu-tao shipyard and two at the Kuang-chi shipyard.

Assuming that assembly of the lead SSBN takes about three or four years on the building ways, it is possible that an SSBN will be launched at Hu-lu-tao in 1974 or 1975. The construction hall at Kuang-chi is now finished, but the Chinese are not likely to launch a submarine there until late in the decade.

The System

33. It is still too early to determine with much confidence when China's first SLBM system will attain an operational capability. The pacing factor could well be the missile development effort. There is no evidence that SLBM flight testing has actually begun, but such firings could now be fairly near at hand. This testing is expected to be conducted from land-based facilities prior to any launches from a submarine. Initial launches are expected to occur from well-instrumented rangeheads such as Shuang-ch'eng'tzu or Wu-chai, especially in view of China's lack of experience in the solid-propellant area. After land-based flight tests, the C-class test submarine probably will participate in the flight test program.

34. A flight test program for an SLBM probably will take at least three years to complete, even if it is relatively trouble free. Therefore, if test firings begin soon, the missile is still unlikely to be ready for system integration with the first operational SSBN before about mid-1977. Allowing for a minimum of six months for full integration of the missile and submarine, the earliest IOC date would be 1978.* But, in view of the relatively lengthy flight test programs observed for land-based liquid-propellant systems and China's lack of experience in the flight testing of solid-propellant systems, IOC might be considerably later.

*For the position of the Director of Naval Intelligence, see the footnote on page 8.

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23

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35. Thus far, there has been no evidence in China's oceanographic or geodetic activities to suggest a significant effort to support a ballistic missile submarine program. Over the past three or four years, however, some changes in Chinese marine programs have suggested the beginning of an effort to develop submarine operating areas or missile test ranges through acquisition of detailed gravity data and seabottom characteristics over an increasingly broader sea area. Neither of the areas surveyed in detail—east of Shanghai and off south China—would substantially increase the target coverage already available to land-based missiles deployed on the mainland.

The Bomber Force

The TU-16 Strategic Bomber

36. Production of TU-16 jet medium bombers was suspended at least temporarily in 1973. The rate of production had declined from a high of about two aircraft per month in 1971 to a rate of one per month in 1972. It is too early to determine whether production will resume. If the suspension is permanent, the TU-16 may be the victim of a decision to limit investment in strategic weapons or a part of the overall cutback in aircraft production since late 1971.

Estimated Performance of the TU-16 Badger*

Load (pounds)	Combat radius (nm)
3,300	1,750
6,600	1,650
10,000	1,550

*The Chinese do not now have an aerial refueling capability. Their TU-16 is configured for refueling in flight but the Chinese have only one tanker, and there is no evidence that they are building tankers or practicing mid-air refueling.

37. About 60 TU-16s are currently operational at four bases, Wu-kung and Kung-ho in north-central China and Ta-tung and Sha-ho closer to Peking. (See Figure 7.) TU-16s have long been used in the nuclear testing program, and the entire force is considered capable of delivering any nuclear bomb in the Chinese inventory. The three TU-16s on the naval air force base at Sha-ho appear to have a maritime role and presumably also would be available for nuclear delivery.

38. The primary mission of the 18 TU-16s based at Ta-tung is not clear. They may have been based there temporarily pending completion of a new airfield at Wen-shui about 175 nm southwest of Peking. That airfield will have aircraft storage tunnels of a type built at Kung-ho and parking facilities typical of those at TU-16 bases. This suggests a plan in which almost all TU-16s would eventually be incorporated into a single force with a strategic nuclear attack mission and consisting of three elements, one each at Wu-kung, Kung-ho, and Wen-shui.

39. Alternatively, the TU-16s at Ta-tung might have a primary mission of conventional bombing, adding a longer range element to the conventional force. They would, however, retain a secondary mission of strategic nuclear attack. The absorption of the TU-16s into existing IL-28 regiments at Ta-tung instead of maintaining separate unit integrity supports this analysis.

40. Suspension of TU-16 production and the possible assignment of about a third of the force to a conventional bombing unit could

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Figure 7

Strategic Missile and Bomber Deployment and Related Facilities



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reflect a change in China's view of the utility of the TU-16 nuclear bomber force. Although China's original goal for the TU-16 force is unknown, a force much larger than the 50-60 aircraft now available would be necessary to penetrate to more than a few targets protected by modern air defenses such as those of the Soviet Union. There is no evidence of development of a follow-on bomber or a modification program to improve the TU-16's capabilities, but a future air-to-surface missile (ASM) program remains a possibility.

41. The TU-16 force may have been intended only to provide an interim capability for nuclear strikes at greater ranges than the first Chinese missiles could achieve. Deliveries of TU-16s to Ta-tung, for a possible conventional role, began in mid-1971, about the time that the CSS-2 IRBM—with range and payload comparable to the TU-16—reached IOC. Even if the TU-16 force does not grow in the future, the Chinese might elect to build tanker versions of the aircraft, or to configure some existing TU-16s as tankers. China obtained one such TU-16 from the Soviets in 1959, but has not built any. Tankers would allow the Chinese to extend the combat radius of the existing force and to use more advantageous attack profiles.

The IL-28 Light Bomber

42. The IL-28 is an old and vulnerable bomber but China still appears to consider it an important weapon system.

Estimated Performance of the IL-28 Beagle

<u>Load</u> <u>(pounds)</u>	<u>Combat</u> <u>radius (nm)</u>
2,200	570
.....	About 800

43. As yet, there is no evidence that operational units are being trained or equipped for a nuclear delivery role. There are about 100 airfields in China from which IL-28s could operate, and redeployment or staging from those airfields closest to the border would permit strategic operations against substantial portions of the Soviet Union, all of South Korea, and parts of South Vietnam and India. The limited range of the aircraft suggests that it might also be used in a theater support role within China. If it is to be used in that role, a weapon with a yield lower than the device tested in 1973 would be desirable.

The F-9

44. China currently has some 300 operational F-9 fighter-bombers, almost all of them assigned to ground attack units. The F-9 can carry a payload of some 2,200 pounds to a radius of nearly 450 nm, using external fuel. These capabilities are consistent with possible use in a theater nuclear role. The F-9 is the most likely aircraft in China's current operational inventory to receive tactical nuclear weapons. There is no convincing evidence, however, that the aircraft now has a nuclear capability.

The Nuclear Weapons Program

Nuclear Testing and Weapons Development

45. Developments since late 1972 indicate that there may have been some shifting of pri-

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26

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erties in China's nuclear weapons test program for the purpose of developing a weapon for delivery by the IL-28 light bomber against strategic targets.

Future Availability of Nuclear Weapons

49. China's capacity to produce fissionable materials is expanding. Construction is proceeding at its second gaseous diffusion plant, at Chin-Kou-ho, and it is likely that this plant will become fully operational sometime in 1975. The Kuang-yuan plutonium reactor is continuing its cooling system tests prior to startup and should begin producing later this

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year, and the new nuclear weapons fabrication complex at Tsu-tung is now complete and active. China's older nuclear sites appear to be active, and some are undergoing modest expansion. (See Figure 8.)

50. China's capacity for production of nuclear materials is roughly comparable to that of France. It is quite small compared to that of the US and USSR. Upon completion of the new production facilities in Szechwan China's annual U-235 capacity will be less than 10 percent of that of the Soviet Union, and its annual plutonium equivalent capacity no more than 15 percent of that of the Soviet Union. In terms of cumulative amounts, the Chinese stockpile is a small fraction of the Soviet and US stockpiles.

51. The future growth of the Chinese nuclear weapons stockpile will be governed not only by the availability of fissionable materials but also by the design of the nuclear weapons in the stockpile. Continued production of the type of weapons estimated now to be in stockpile—all of which use relatively large amounts of U-235—would minimize the size of the stockpile. At the same time, this would leave unused a growing surplus of plutonium, which could be used for additional weapons requiring less U-235 and more plutonium. If the Chinese were to continue to produce their current weapons and use the remaining plutonium for all-plutonium fission weapons, their future stockpile would include the all-plutonium weapons.

A future stockpile combination of thermonuclear weapons with lesser amounts of U-235, composite fission weapons, and all-plutonium fission weapons would, however, appear more likely.

52. The Chinese could have many uses for the potentially large number of plutonium fission weapons that might be included in their stockpile by the end of this decade. In the light of their generally defensive posture, they might well stockpile low-yield fission weapons for tactical delivery by IL-28s, or F-9s, or for tactical missile systems that might be available by then. Other weapons for which they might want a nuclear capability include coastal defense missiles, depth charges, and quite possibly, atomic demolition munitions. There is, however, no specific evidence that they intend to develop a capability in these areas.

III. CHINA'S NUCLEAR ATTACK CAPABILITY

Forces and Capabilities

53. The Chinese now have a capability for nuclear strikes by missiles and bombers all around the periphery of China at distances up to 1,650 nm. (See Figure 9.) While most

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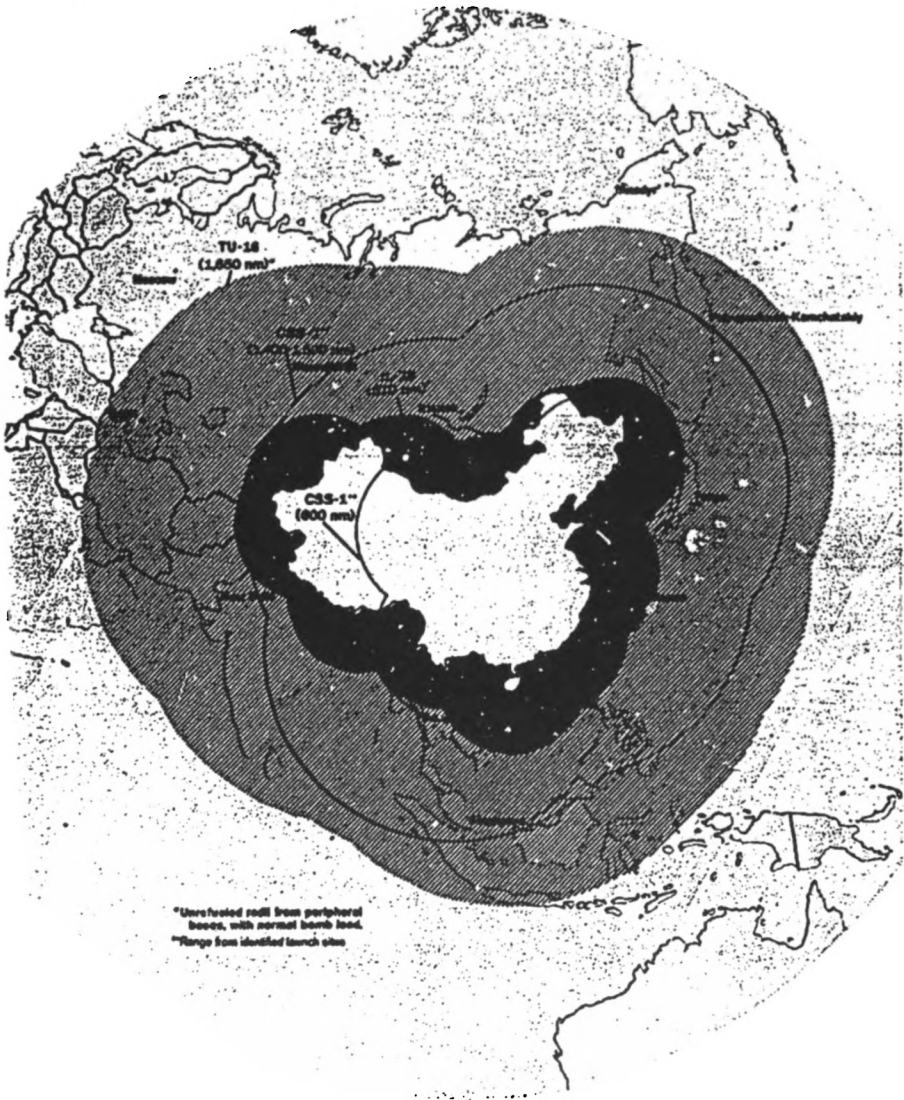
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29

Figure 8

Approximate Coverage of China's Present Strategic Nuclear Delivery Systems



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of this capability has a strategic orientation, some of it is intended for a theater support role, including use within China's borders. At the present time, the Chinese are estimated to have operational:

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— some 60 TU-16 Badger jet medium bombers, with an operating radius of 1,630 nm, deployed at four airfields. Although all of the force could be used for delivery of fission and thermonuclear bombs, about a third of this force might have conventional bomb delivery as its primary mission.

— a few of China's more than 400 IL-28 Beagle jet light bombers, with an operating radius of 570 nm, also may have a nuclear delivery capability.

The Chinese probably have enough nuclear warheads to equip all of the missiles, but it

may be that so far only some of the TU-16s and only a very few of the IL-28s have actually been allocated nuclear weapons.

54. Presently deployed Chinese missiles have a capability to strike all US bases and allies on the periphery of China. Launch sites for the CSS-1 and CSS-2 are grouped opposite South Korea and Japan, opposite Taiwan and Okinawa, and opposite the Philippines and Southeast Asia. While the CSS-1 covers only targets in the immediate area, CSS-2s are located so that the ones opposite Taiwan can cover Korea and much of Southeast Asia, and those opposite Korea and Indochina can cover Taiwan. The TU-16 bomber could cover all of these areas, as well as reconnoiter and attack US naval forces in the western Pacific. IL-28s could reach targets in Korea and Taiwan and, with staging from points close to the border, northern Luzon in the Philippines and nearly half of South Vietnam.

55. Most of China's presently deployed missiles can strike targets within the USSR. A number of CSS-1s in north and northeast China can hit the Soviet Union, including major bases and populated areas such as Vladivostok and Ussuriysk, and all the CSS-2s except a handful in southwest China can reach some part of southern Siberia and the Soviet Far East. The TU-16s have the range to reach targets in the USSR as far as the Urals from forward bases in China, though their capabilities to penetrate to heavily defended areas are limited. IL-28s could attack targets closer to the border.

56. A token capability to strike Soviet targets at greater ranges may be acquired, possibly by late 1974 or, more likely, in 1975. By then the Chinese may have completed two of the three silos under construction in central China and installed CSS-X-3 missiles in them.

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Handle via

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31

the CSS-X-3 has an estimated range of 3,000 to 3,500 nm. While the missile possibly could reach Moscow from two of the three silos, the missile could not reach any part of the US except a small part of Alaska. It could, however, reach several US bases in the central Pacific, including Guam. There is no evidence of preparations for deployment beyond the three silos now under construction.

57. The Chinese have no capability to attack the continental US directly and are unlikely to attain one for at least several years. The CSS-X-4 could not be operational until 1977 at the earliest. And an SSBN system will probably not be operational until 1978 at the earliest.¹⁰ The Chinese do not seem to be pushing either of these programs with any particular urgency, and even if no technical difficulties develop, the actual IOC of these systems are likely to be at least a year or more beyond these dates unless the pace of development increases markedly.

¹⁰ For the position of the Director of Naval Intelligence, Department of the Navy, see the footnote on page 6.

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32

Handle via

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Strategy Underlying Deployment

64. The exigencies of China's security requirements have changed drastically over the years. Begun with Soviet assistance, the Chinese strategic program at first was predicated on the idea that the US was the main enemy. This probably held more or less true until the mid-1960s. But as Sino-Soviet relations worsened to the point where large Soviet forces were positioned on the border and bloody border clashes erupted in 1969, the Soviet Union became the chief threat. Chinese leaders make this fact clear by their frequently expressed concerns about Soviet intentions and by the thrust of their international policy.

65. To date, however, the deployment of Chinese strategic forces shows no overriding concentration on the Soviet threat. In part this is probably a reflection of the fact that a substantial part of the construction and other preparations for presently identified deployment was begun before Peking's perception of the threat shifted. The Chinese may also have feared that an obvious and extensive reaction to the Soviet threat would have been

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Handle via

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33

dangerous during a period of high tension. Still, in the several years since the Soviet threat became uppermost, there is no evidence of a resulting change in the pattern of deployment. The most recently started fixed missile launch sites are at Lien-k'eng-wang, where CSS-2s are optimally located for hitting both the USSR and US bases in Asia. Within the past two years, other CSS-2s have continued to be deployed at fixed sites in southwest China where they can reach US bases and India, but not the USSR. Thus it appears that the Chinese deployment programs have been influenced less by a particular threat and more by a general determination to develop a strike capability around the entire periphery of China.¹¹

66. The Chinese have shown that they consider survivability to be crucial to the effectiveness of their nuclear deterrent. They have attempted to achieve survivability through a combination of concealment, mobility, and hardening. Currently operational missile units are deployed in a semimobile mode, moving from garrisons to temporarily occupied, inconspicuous field sites, and at fixed soft sites with tunnels to protect missiles and essential equipment but with unprotected launch pads.

¹¹ The Assistant Chief of Staff for Intelligence, Department of the Army, and the Assistant Chief of Staff, Intelligence, Department of the Air Force, disagree with paragraphs 64 and 65. They believe that the Soviet Union had replaced the US as China's primary strategic adversary well before the mid-1960s. They believe that all MRBM, IRBM, and TU-16 deployment has taken place during a period of primary concern for defense against Soviet attack. Present deployment patterns should be viewed not as an attempt to simultaneously threaten every potential adversary, but rather as an attempt to provide for a moderate amount of targeting flexibility while still deploying virtually every operational delivery vehicle against the threat of Soviet attack.

Concealment and camouflage are extensively employed at these launch areas. The protection from nuclear and conventional blast provided by the tunnels cannot be confidently estimated.

67. The Chinese are making some provision for survivability of their bomber force. They have dispersal airfields and have constructed tunnels for the protection of bombers at one of four existing TU-16 bases and at another base under construction. However, the force does not appear to have an operational alert system or an adequate warning system to enable aircraft to disperse on short notice. In the case of the IL-28s, the Chinese may be counting on the size and dispersion of the force to complicate enemy targeting.

68. Since 1971 the Chinese have not begun construction of any additional fixed missile sites. They may believe mobility, whenever feasible, offers a better probability that missiles would survive an attack than does deploying them at fixed sites subject to multiple coverage by many enemy weapons. While about 10 fixed sites for the CSS-2 are still under construction, there are indications that further deployment of the system may be in the semimobile mode.

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34

Handle via

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and that some units, deep in their tunnels, could survive a Soviet nuclear attack. They may also believe that the Soviets could not count on destroying all of the nuclear delivery elements of the widespread Chinese bomber force. Consequently, the Chinese probably believe they now have acquired a modest but nonetheless credible nuclear retaliatory capability against the USSR.

72. But the Chinese no doubt feel that their deterrent force remains vulnerable in important respects:

- They have no effective means of detecting the approach of hostile ballistic missiles. They are working on a phased-array radar northwest of Peking that should provide some warning of attacks from most Soviet ICBM complexes. However, the short flight time of missiles launched from the Soviet Union would limit the amount of warning possible, and Soviet missile complexes in eastern Siberia are outside the radar's coverage.

71. How Peking judges Soviet ability to pinpoint all Chinese missile launchers is not known; the Chinese might, conservatively, overestimate Soviet abilities to locate missile sites. Even so, they probably believe that some of their semimobile units could not be targeted

- Missile force reaction times would range from less than an hour to several hours, depending on the system involved and its readiness condition.

73. Even a limited capacity for nuclear retaliation represents a major gain for a country which confronts powerful adversaries. Nevertheless, China might well judge that its present ability to deter nuclear attack by the Soviet Union or the US through the threat

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Handle via

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35

of retaliation posed by its nuclear strike force would be marginal if the stakes were high.

a. In the case of the *Soviet Union*, China's ability to deter nuclear attack would rest on Soviet fears for the security of some few cities in Siberia and the Soviet Far East, and perhaps on Soviet uncertainty about the existence of IRBM deployments in western China which might bring some cities in the Urals into range. China has no capability at present to threaten targets in the USSR west of the Urals, though it may soon acquire a token capability with the CSS-X-3.

b. In the case of the *United States*, China's ability to deter nuclear attack would rest on US fears for the security of a few US bases and cities of allies in the Far East. Although with the CSS-X-3 the Chinese could strike part of Alaska, the Chinese have no near-term prospect for a nuclear strike capability against the continental United States.

74. The Chinese have increased their options for deterring nuclear attack at the tactical end of the nuclear strike spectrum by establishing a capability to attack enemy targets on Chinese territory with nuclear weapons. This capability is probably intended both to deter an invading force and to provide an option to respond in a limited way to tactical use of nuclear weapons by an enemy without risking the political and military consequences of attacking targets on foreign soil.

IV. FUTURE FORCES

75. The current status of development and deployment programs permits reasonably confident estimates of the composition and size of China's nuclear delivery force within the

next two years or so. Through at least 1976 the force will consist of some 40 short- and medium-range missiles and, by that year, the Chinese will probably have about 30 CSS-2s and a few CSS-X-3s in operational silos. As for bombers, most if not all of China's 60 TU-16s and a small fraction of its more than 400 IL-28s probably will have a strategic attack role. The total number of aircraft of these types probably will not increase much but that portion of the IL-28 force configured to deliver nuclear weapons probably will grow slowly, as will the number of nuclear weapons available for delivery.

76. An estimate of longer term prospects must take into consideration:

- that the CSS-X-4 and SLBM intercontinental systems still have major technical hurdles to surmount in their development programs before they can achieve IOC.
- that, by comparison with the US and Soviet programs, Chinese advanced weapon programs represent a small effort and slow progress.
- that the pace of the effort has been slowed further by Chinese decisions to adjust priorities in favor of building the economic base of the country.
- that Chinese judgments about priorities may have been influenced by a reappraisal of what was strategically feasible in the near term, and reinforced by their perception of a changed relationship among the US, USSR, and China.
- that, because of fundamental deficiencies in technical manpower and resources, China's ability to speed up its advanced weapons effort is limited.

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36

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— that, nevertheless, the Chinese advanced weapons effort has ambitious long-term goals, as evidenced by the extensive facilities that have been established for the development and production of nuclear weapons and liquid- and solid-propellant missiles.

77. The scale and variety of the nuclear and missile development and production facilities that China has established indicate that its ultimate objective is to build a strategic nuclear capability befitting a major power. This is suggested by the breadth of the Chinese effort, which includes all the elements of a balanced strategic capability, as much as by its size. There is no reason to believe, however, that Peking aspires to match the capabilities of US and Soviet nuclear forces.

78. Subject to the constraining influences enumerated above, China's present objective probably is still to obtain a token nuclear capability to strike the USSR west of the Urals and the continental US. It is possible, however, that the Chinese will not carry out even this limited objective within the period of this estimate. For example, the Chinese might conclude that the present strategic environment requires an ICBM threat against the western USSR, but not a comparable capability against the US. In such a case, they might deliberately forego deploying a full-range ICBM, while continuing to use their large ICBM booster as a space launch vehicle and building a few SSBNs.

79. But their gradual past progress and the evidence of more ambitious longer term goals make it almost certain that the Chinese will work toward a force of nuclear delivery vehicles that, because of its size and survival-

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bility, will be a stronger deterrent to nuclear attack by either the US or the USSR. It is also reasonable to expect that China will seek to improve and somewhat expand its regional and tactical nuclear capability both to strengthen its regional deterrent and to increase its options for responding to limited nuclear attack.

80. In pursuing these objectives, it is not yet clear whether the Chinese will concentrate on liquid- or solid-propellant missile systems, or employ both; whether they will continue to emphasize systems suitable for a regional force, or stress their program to develop an intercontinental capability; or whether, to enhance force survivability, they will concentrate on missile systems suitable for semimobile or mobile deployment, or on systems relying on hardened facilities. The success of R&D efforts currently under way probably will have an important bearing on these decisions.

81. Guided by these considerations, two illustrative force mixes for the period mid-1974 through mid-1980 have been projected (see next two pages).

— The first (Case A) assumes continuation of present gradual deployment trends and eventual success with current development programs for an ICBM and an SSBN system. It assumes that continued slow progress with the CSS-X-4 ICBM might cause Peking to move ahead with some further deployment of the CSS-X-3. It also postulates that by the end of the decade the Chinese will have developed and will deploy a solid-propellant land-based system in the MRBM/IRBM category.

— The second projection (Case B) assumes earlier success with the systems currently

~~TOP SECRET~~

TOP SECRET

Handle via

Control Systems Jointly

37

in development, as well as with follow-on systems, and a somewhat faster rate of deployment. It also assumes that earlier deployment of second-generation systems will affect levels of deployment for the CSS-1 and CSS-2 and that the Chinese will not increase their deployment of the CSS-X-3, particularly in view of the likely availability of the CSS-X-4 to provide coverage of both Soviet and US targets.

Both projections assume that the Chinese will configure a growing number of IL-28s for a nuclear delivery mission and that there will not be a new strategic bomber during the period

of this estimate, although some limited further production of the TU-16 might occur.¹²

¹² The alternative force developments presented here represent possible directions that Chinese strategic attack forces could take. It should be emphasized that no one of them is to be considered an estimate that Chinese strategic attack forces will be composed of the particular weapon systems in the precise numbers listed. They are intended to be illustrative models of possible trends and differing emphases, and are developed primarily for broad policy use at the national level.

Case A: Continuation of Present Trends
—Gradual Growth of Theater Support and Regional Forces
—Eventual Success with Programs to Develop Intercontinental Systems and Second-Generation Theater Support and Regional Systems

	1974	1975	1976	1977	1978	1979	1980
	(numbers at midyear)						
Land-based missile launchers							
SABM	10	10	10	10	10	10	8
CSS-1	30	30	30	30	30	30	30
CSS-2	30	40	50	60	60	60	60
Solid MRBM/IRBM						5	10
CSS-X-3		2	3	3-6	3-6	3-12	3-12
CSS-X-4						2	6
SSBNs ^a						1	2
SLBM launchers						16	32
Bombers^b							
TU-16	60	60-70	60-80	60-60	60-60	60-60	60-60
IL-28	3	10	20	30	40	50	50

^a For the position of the Director of Naval Intelligence, Department of the Navy, see the footnote on page 6.

^b Aircraft available as strategic weapon carriers. During the period of this estimate the Chinese probably will have available limited weapons suitable for tactical delivery by F-9 and IL-28 aircraft.

TOP SECRET

38

~~TOP SECRET~~

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Case B: Accelerated Development and Deployment of Intercontinental Systems and Second-Generation Theater Support and Regional Systems.

	<u>1974</u>	<u>1975</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>
	(numbers at midyear)						
<u>Land-based missile launchers</u>							
SRBM	10	10	10	10	10	10	8
2nd-generation SRBM .....	..	..	..	..	5	10	20
CSS-1	30	30	30	30	30	25	20
CSS-2	30	40	50	50	50	50	50
Solid MRBM/IRBM .....	..	..	..	..	5	10	20
CSS-X-3 .....	..	2	3	3	3	3	3
CSS-X-4 .....	..	..	..	2	10	20	30
SSBNs ^a .....	..	..	..	..	1	2	4
SLBM launchers .....	..	..	..	..	10	22	64
<u>Bombers^b</u>							
TU-16	60	60-70	60-80	60-80	60-80	60-80	60-70
IL-28	3	10	20	40	60	60	60

^a For the position of the Director of Naval Intelligence, Department of the Navy, see the footnote on page 6.

^b Aircraft available as strategic weapon carriers. During the period of this estimate the Chinese probably will have available fighter weapons suitable for tactical delivery by F-6 and IL-28 aircraft.

82. Of the two projections, Case A is believed to approximate the more likely growth of Chinese forces in this decade. It is a better reflection of Chinese performance to date and we have no present basis for projecting any marked changes in this record of performance. IOCs and force levels on the order of those shown for Case B, while requiring more rapid progress and a larger investment of resources, are nevertheless within the bounds of China's capabilities. Both cases take account of what is known today about China's apparent mixed priorities for developing at least some opera-

tional capability to strike targets at various distances, including strategic targets in both the USSR and the US.¹⁴

¹⁴ The Director, Defense Intelligence Agency, believes that there is a third case reflecting a lesser effort, which, although not shown, is just as likely as Case B. Such a projection should be included to reflect the full range of possibilities for China's nuclear forces. The "lower" case judgments are briefly mentioned in the estimate but are not represented here. A third force mix would project a reduced Chinese nuclear capability that concentrated on a more limited force. Intercontinental ballistic missile systems would be sacrificed at the expense of expanding other budgetary sectors.

~~TOP SECRET~~

~~TOP SECRET~~

Handle via

Control Systems Jointly

39

83. A great many variations of these cases are possible. For example, success with one weapon system—or failure with another—could lead to a shift of resource allocations to the more successful system to hasten its deployment. In addition, changes in China's perceptions of its strategic requirements or the impact of political and economic influences could affect the pace and scope of the strategic weapons program as a whole. It is not impossible that such influences will result in still another case, involving reduced Chinese effort. For example, as indicated in paragraph 78 above, the Chinese might decide to deploy an ICBM threat against the western USSR but not against the US.

Implications of Future Forces

84. *Capabilities Against the USSR.* If present missile development and deployment trends continue, as projected in Case A, by 1980 China's capability to survive nuclear attack and retaliate against targets in the eastern areas of the Soviet Union will be enhanced somewhat by enlargement of the MRBM and IRBM force from some 60 to about 100 missiles. With the addition of IL-28s to the nuclear strike force, well over 100 bombers are likely to be available as strategic weapons carriers. The first SLBM units will provide an emergency strike capability against targets in the Far East. The small force of about 9-18 ICBMs in silos that China might have by 1980 to threaten targets in European Russia would have little prospect of surviving a Soviet first strike and thus would have limited deterrent value. All things considered, however, China will have somewhat improved its capability to deter nuclear attack by the USSR.

85. In the less likely event that the Chinese make the accelerated progress in the devel-

opment of intercontinental systems and second-generation regional missile systems indicated by Case B, they could have by 1980 a significant capability to deter nuclear attack by the USSR—a capability that they could feel fairly confident would deter Soviet nuclear attack unless the stakes were very high. Under this force assumption, the ability of China's regional nuclear forces to retaliate following nuclear attack will also have improved markedly. China's regional strike capability would number some 120 land-based missiles, not many more than in Case A but about one-third of them second-generation missiles with somewhat improved survivability and reaction time. The bomber force is unlikely to be very different from that of Case A. With some four SSBNs operational, China would be able to maintain one or two missile submarines on continuous patrol in the North Pacific but not in more distant seas within range of European Russia. This would significantly increase the number of missiles that would likely survive a Soviet first strike and be able to retaliate against Soviet targets in Asia. China also would have about 30 ICBMs in silos, a number probably large enough to make it uncertain in the calculations of Soviet military planners that some would not survive for retaliatory strikes against large populated areas in European Russia.

86. *Capabilities Against the US.* If present trends continue, by 1980 China will have a few, say 6, ICBMs capable of striking the continental US and from time to time probably would be able to place one missile submarine in position to strike targets in the western United States. This force would confer on China for the first time the ability to strike the continental US. This would have considerable political and psychological value. But the ICBM force would be small and

~~TOP SECRET~~

40

Handle via

~~TOP SECRET~~

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vulnerable and only the SLBMs would be a survivable retaliatory force, and then only for short periods.

87. Under the less likely assumption of accelerated progress with the ICBM and SLBM programs, the Chinese by 1990 would have 30 ICBMs and during periods of tension might

be able to keep one or two nuclear missile submarines on patrol in the North Pacific able to strike targets in the western US. The submarines in particular, because of their potential to survive nuclear attack, would significantly strengthen China's deterrent position versus the US.

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THE DIRECTOR OF CENTRAL INTELLIGENCE

16 July 1974

MEMORANDUM FOR THE UNITED STATES INTELLIGENCE BOARD

SUBJECT: Addendum to NIE 13-8-74: CHINA'S STRATEGIC ATTACK PROGRAMS,
13 June 1974

Please add the following sentence to footnote 14 on page 38:

"Such a third force mix will be included in the Defense
Intelligence Projections for Planning."

George A. Carver, Jr.
Deputy for National Intelligence Officers

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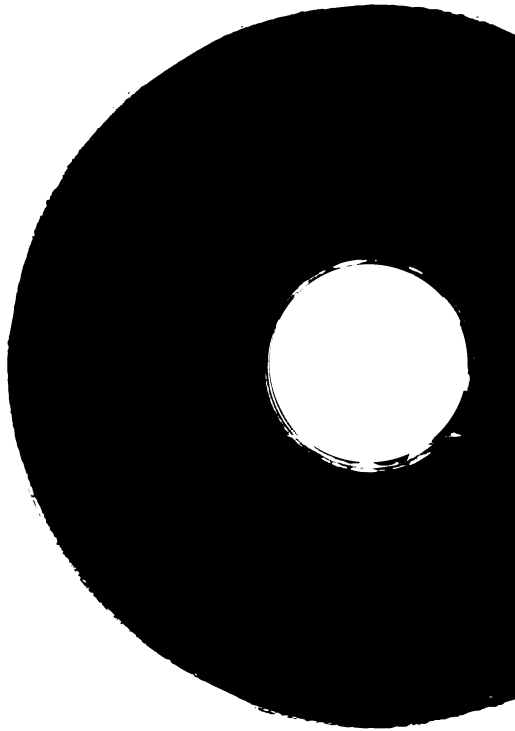
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NIE 13-58	Communist China, 13 May 1958

SNIE 100-9-58	Probable Developments in the Taiwan Strait Area, 26 August 1958
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SNIE 100-12-58	Probable Developments in the Taiwan Strait Crisis, 28 October 1958
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SNIE 13-66	Current Chinese Communist Intentions in the Vietnam Situation, 4 August 1966
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NIE 11-13-73	The Sino-Soviet Relationship: Military Aspects, 20 September 1973
NIE 11/13/6-73	Possible Changes in the Sino-Soviet Relationship, 25 October 1973
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NIE 13-76	PRC Defense Policy and Armed Forces, 11 November 1976





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